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ABSTRACT

This comparative study synthesizes data from a national study which examined differences among states in their governance structures, and asked if differences in performance were related to governing structures and whether governance structure affected strategies of state policymakers. The seven states examined were grouped into four governance categories: (1) federal systems, those with institutional- and multicampus-system governing boards and a coordinating board (Illinois and Texas); (2) unified systems, those with a single governing board responsible for all public institutions (Georgia); (3) confederated systems, those with a planning/coordinating agency but also governing boards of multicampus subsystems (California, Florida, and New York); and (4) confederated institutions, those that have institutional governing boards but lack a centralized agency with substantial responsibility (Michigan). The report concludes that there is a strong link between governance structures and affordability for families; there is no evidence that any one system has a lower cost per student; there is no evidence that some structures attract stronger leaders; and that state boards which are part of higher education and also part of state government do best at balancing public interests and professional/institutional concerns. Appendices list individuals involved and describe quantitative measures used. (Contains approximately 350 references.) (DB)

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ED 412 866

STATE STRUCTURES FOR THE GOVERNANCE OF HIGHER EDUCATION

A Comparative Study

A Report from

THE CALIFORNIA HIGHER EDUCATION POLICY CENTER

Spring 1997

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State Structures for the Governance of Higher Education

A Comparative Study

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Spring 1997

A Research Paper Prepared for
State Structures for the Governance of Higher Education
and
The California Higher Education Policy Center

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Preface

This national study of state governing structures for higher education was conducted by The California Higher Education Policy Center, with support from The Pew Charitable Trusts and The James Irvine Foundation. The purpose of the research is to better understand how states differ in the design of their governance structures, what difference in performance can be related to choice of governing structures, and how structure affects the strategies available to state policy makers with regard to the state's higher education system. For the purpose of this research, a state system of higher education includes public and private postsecondary institutions as well as the arrangements for regulating, coordinating and funding them.

The products of the study include nine different publications: seven case studies, this comparative study, and an annotated bibliography. The *case studies* provide separate summaries of higher education governance for the seven states in this project: California, Florida, Georgia, Illinois, Michigan, New York, and Texas. These reports were reviewed for accuracy by knowledgeable individuals within each state. Following the completion of the case study reports, this *comparative study* was developed to provide an interpretive synthesis of the data in the case studies. An *annotated bibliography* has been compiled to highlight relevant literature on governance in higher education, government, business, and K-12 education. The bibliography also includes several theoretical pieces that helped to frame the conceptual design of the research.

Throughout the project, the research team was guided by the advice of a National Advisory Committee comprised of 18 experts in higher education governance issues. We would like to thank each of the committee members for their assistance in this project (their names are listed in Appendix A). In addition, we wish to thank the following individuals for their assistance in reviewing drafts of the case studies: Kenneth Ashworth, William Barba, Joseph Burke, Raymond Cardozier, Patrick Dallet, Cameron Fincher, Edward Hines, David Leslie, Marvin Peterson, William Pickens, Stephen Portch, Jack Smart, and Richard Wagner.

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Executive Summary

The purpose of this comparative study is to relate the organization of state higher education systems to the achievement of state policy objectives. While previous explorations of statewide governance have focused primarily on the impact of coordinating structures on institutional autonomy, this study asks more overarching questions, such as: How do existing state higher education structures accomplish state public policy objectives? What are the mechanisms for establishing state priorities and for assessing higher education's performance on these priorities? What strategies do elected leaders use to influence the performance of the state's higher education system, and how are these strategies affected by the higher education governance structure? What is the relationship between performance and the governance structure?

The seven state systems in this research differ in the way they link institutions to one another and to state government, and the way they use the four key work processes identified by this study: information management, budgeting, program planning, and articulation. We place the states into four distinct categories to represent differences in the design of their state governance structures:

- **Federal Systems** are those with institutional and multicampus system governing boards, *and* a coordinating board with both responsibility for all higher education and substantial authority for the four major work processes. Of the seven states studied, *Illinois* and *Texas* are in this category.

- **Unified Systems** are those in which a single governing board is responsible for all degree-granting, public institutions. *Georgia* is in this category.

- **Confederated Systems** are those that have a planning or coordinating agency with some authority for the work processes, but that also have two or more governing boards of multicampus subsystems in which the board or its chief executive negotiates budgets directly with elected officials. *California, Florida* and *New York* are in this category.

- **Confederated Institutions** are those systems that have institutional or multicampus governing boards, but that lack an agency with substantial responsibility for all higher education. *Michigan* is in this category.

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This classification is more likely than traditional classifications to explain, among other facets of governance, the extent to which colleges and universities respond to public policy objectives as these are articulated by elected officials.

The character and history of state governments clearly affect the choice of governance structures and the ways that they function. Historical and contextual factors such as the constitutional strength of the Governor, the presence of a strong private higher education sector, constitutional status for public institutions, the existence of a well developed, two-year college sector, collective bargaining, and voter initiatives are all highly important in the ways these systems operate.

Our research suggests that differences in governance structures do influence the performance of higher education systems. We found one of the most important questions to be whether the system exhibits the capacity to recognize and respond in some organized and efficient way to state needs and contextual changes. Federal and unified systems have the capacity to identify priorities, to shape institutional responses through all four of the work processes, and to use information to communicate progress. Confederated systems and confederated institutions lack mechanisms for using several or all of these strategies, unless they exist in the legislative arena.

System design and governance structures determine the range of strategies available to elected officials in their relationships with higher education institutions as well as the likelihood of the officials' use of such strategies. In federal systems, elected leaders identify priorities because they have the mechanisms for pursuing them, and they have credible information on which to judge institutional performance. Systems with a unified or small number of subsystem governing boards seem to invite management by strong governors and legislatures unless protected by constitutional autonomy. Despite this direct involvement, elected officials typically lack the information needed to assess institutional performance, fail to communicate priorities, and typically have few mechanisms for planning on a systemwide basis at their disposal. In confederated institutions, particularly those that have constitutional autonomy, the only strategy available to elected leaders is the annual budget process.

We draw several specific conclusions with regard to system performance from this analysis:

- In the case of affordability there appears to be a strong link between governance structures and performance. Families in states that have a systemwide mechanism for representing the public interest in budget decisions pay a smaller percentage of institutional operating costs than those that lack such a mechanism.

- There is no evidence in our data that one type of system necessarily has a lower cost per student than another.

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- Absent some preconceived theoretical notion of what constitutes "strong institutional leadership," it is not reasonable on the basis of our data to suggest that some governance structures attract stronger leaders than others. However, some leadership styles seem to work better within some types of structures, and some structures (unitary systems in particular) are affected more extensively by changes in leadership than other structures.

- State boards that are both part of higher education and part of state government do a better job of balancing the public interest against professional values and institutional concerns than do subsystem or institutional governing boards.

Taken together, the answers to the five research questions in this report present one explanation for the ways in which historical factors, system design and governance structures influence higher education performance. It is an explanation that must now be tested elsewhere for its applicability to other states.

Introduction

This report attempts to explain how state governance structures influence the priorities for higher education and the means for pursuing them in seven large and diverse states. We hope to encourage elected state officers, senior system and subsystem officers, college and university administrators, and the general public to think in new ways about how to design educational systems to increase the probability that institutions will be responsive to the public interest as reflected in the priorities established through democratic processes. The "product" of the study is a way of understanding the variables we examined grounded in case study data and informed by the efforts of others who have examined similar issues. The explanations were built by comparing the ways in which historical factors, system design, and governance structures influence higher education performance in each of the seven states beginning with the pilot state (Illinois), and testing that explanation in each of the other six states. The explanations offered in this paper best explained the influences of system design and governance structures in all seven states.

We do not suggest that the explanations presented here are the only ones possible. One major purpose of this study (and of qualitative designs in general)[1] is to challenge others to improve upon our explanation, and thus contribute to the continuing advance of understanding on governance issues. This report to our funding agency will be distributed to others as an additional test of the usefulness of the explanation. After we have had time to study and respond to criticisms, the final version of our work will be published by Oryx Press in cooperation with the American Council on Education.

We begin by stating the concerns that led to our decision to conduct the study. This is followed by brief descriptions of the research questions that guided the inquiry and by an overview of the methodology. We next define the terms and constructs used in presenting our results and group the seven state systems we studied into four configurations. The "integrating questions" we used to organize this analysis are then listed, followed by answers to these questions that were derived from the case reports. (The individual case reports are published separately.) Finally, we provide answers to our original research questions.

Background

Previous explorations of statewide governance have focused on the impact of coordinating structures on institutional autonomy,[2] or have equated successful structures with the degree of

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satisfaction expressed by those responsible for their operation.[3] In contrast, this research study has more overarching concerns, such as whether existing state higher education structures are adequate for responding to the economic, social, and technological challenges of the 1990s and the first decades of 21st century. Can these structures respond to changing numbers of students, particularly to growing numbers of possible applicants from heretofore under-represented groups? And can they respond effectively in what appears to be an unprecedented period of increased demand for state resources?

These questions derive from issues under discussion in California[4] and elsewhere where the current debate centers on priorities, mechanisms for their implementation, effective use of student time, redistribution of state resources, and careful study of new facilities. One focal point is the relationship between state priorities and the services that institutions deliver. At least one source has suggested that the gap is widening between state priorities and the services provided by higher education.[5]

The debate on governance issues embraces private as well as public institutions. Per capita costs for public sector enrollments as well as total public spending on higher education tend to be lower in states where there is a large private sector and a favorable attitude toward its utilization. Conversely, poorer states that rely more heavily on the public sector also tend to have higher per capita student costs.[6]

States exhibit considerable variation in the approaches they take to governing and coordinating their postsecondary education systems. Even the most comprehensive efforts to classify differences in structures fall short of capturing the full complexity present in some of the more populous states. Perhaps the best known taxonomy for classifying statewide structures distinguishes three basic types of state structures. According to this taxonomy, ten *consolidated governing board states* (including Georgia) have a single board responsible for all postsecondary education. Thirteen *consolidated governing board states* (including Florida) have a separate board for community colleges. *Coordinating board states* assign responsibility for some or all of nine functions (planning, policy leadership, policy analysis, mission definition, academic program review, budgetary processes, student financial assistance, accountability systems, and institutional authorization) to a single agency other than a governing board. Of the 26 coordinating board states, 22 (including Illinois, Texas and New York) have regulatory authority, while the remainder (including California) have advisory authority. The five *planning agency states* (including Michigan) have no organization with authority that extends much beyond voluntary planning and convening.[7]

Beyond these distinctions, some states (including Florida, New York and Michigan) have a state board or agency with some responsibilities for all levels of education. Coordinating or governing boards may oversee segmental subsystems of institutions with homogeneous missions (as in California) or multicampus subsystems with heterogeneous missions (as in New York and Florida). They may also coordinate primarily small subsystem boards or

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single-institution boards (as in Illinois) or mixed single-institution boards and multicampus or segmental subsystems (as in Texas).

Regardless of how a state organizes its higher education enterprise, it must find ways of: (1) identifying public priorities among the interests articulated by groups inside and outside of government; (2) organizing and administering a formal system out of fragmented parts; (3) enhancing the quality and protecting the integrity of the academic enterprise; and (4) providing reasonable freedom of choice to promote system flexibility and adaptability.[5]

Various criteria have been proposed for evaluating system success in balancing these sometimes conflicting expectations. McGuinness suggests buffering political intrusion, avoiding geopolitical problems, maintaining continuity in decision making, sustaining attention to system issues, supporting institutional presidents, articulating an understanding of system mission, facing up to change, and dealing with public policy issues.[6] Based on their study of four states (Maine, Ohio, Pennsylvania, and Tennessee), Schick et. al. concluded that effective structures are characterized by lay board members who understand their roles, by good working relationships and open communication among internal and external constituencies, by sensitive and honest educational leaders who respect and support each other while remaining faithful to institutional vision and needs, by accountability to state government, and by institutions freed from narrow governmental regulations. They add that effective systems have stable state structures that are perceived by participants as better than whatever they replaced.[7]

Research Questions

Our study asked five interrelated questions:

1. How do state systems differ in the design of their governance structures?

2. How do historical factors influence the design and functioning of higher education governance structures?

3. How does contextual change influence the priorities states pursue through the resources they invest in their higher education systems?

4. How does performance—as defined by the following criteria—differ among state systems of higher education in relation to their choice of governance structure:
   a. responsiveness to state priorities?
   b. capacity to identify and respond to change?
   c. success in balancing institutional and statewide interests?
   d. efficient use of available resources?
   e. access?
   f. equity?
   g. affordability?

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h. quality (undergraduate performance and economic development)?
i. choice?
j. institutional leadership?

5. How are the strategies used by elected leaders to influence system performance affected by governance structures?

Selection of the Study States

The criteria used to select the study states were designed to minimize differences among participants in terms of size and diversity of student populations, and to maximize differences in structure to enhance the probability that observable differences in outcomes could be related to variations in structure. The states selected were among the top twenty in the nation in terms of both the size and diversity of their student populations. The research team also examined available data on inputs and outcomes for higher education systems. None of the data we examined suggested a more compelling basis for selecting states than the criteria of size, diversity and differences in governance structures.

Illinois was selected as the pilot case because of the long-term stability of its governance structure and because team members believed that access to documents and interviews could be easily arranged. While the study sought the cooperation of the higher education governing/coordinating board in each state, selection was not contingent upon agreement by the State Higher Education Executive Officer (SHEEO) to participate. The research team chose this approach to avoid biasing the study by limiting its purposeful sample to states that wanted to participate.

Study Procedures

Undisguised comparative case studies were conducted in study states between September 1994 and September 1996. For each, researchers collected documents, examined archival data, and conducted interviews to obtain multiple sources of information about context, system design, governance structures, and performance (see the Bibliography of State Documents Reviewed at the back of this report).

Over 200 individuals were interviewed for this study (see Appendix A). Case study teams interviewed: members of governors' staffs; state legislators; members of higher education coordinating or governing boards or commissions; current and former state higher education agency officials; legislative budget analysts; campus-, subsystem- and system-level trustees, presidents, and staff; and representatives of faculty organizations. The research team also reviewed articles in the public media on higher education and talked with education writers for major newspapers in several states. Finally, Kent Halstead of Research Associates of Washington was commissioned to prepare a report that identified the principal operating

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variables of state-level public higher education and provided special commentary for the seven study states based on data available in the National Center for Education Statistics' Integrated Postsecondary Education Data System (IPEDS) and his own survey of state higher education financial officers.

- A case report integrated all sources of data for each state in a format that preserved the anonymity of individuals interviewed. Case reports were reviewed for accuracy by knowledgeable insiders from each participating state. Following the check on the accuracy of individual case studies, an interpretive synthesis was written as a first step in the cross-case analysis. A single case study (Illinois) was used to develop a first draft to effectively explain the relationships among the variables identified by the research questions. Following a critique of the model by the National Advisory Panel and the completion of additional case studies for other states, a revised explanation was developed and once again shared with the National Advisory Panel. Following this critique, the current report was written to answer the research questions that drove the study. Efforts to clarify and apply the model are ongoing.

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Conceptual Framework

Definitions

The unit of analysis in this study is a *state system of higher education*. A system by definition is a collection of *subsystems* that takes one or more kinds of inputs and creates an output that has value to the larger system of which it is in turn a part.[11] For purposes of the study, we defined a *higher education system* to include the public and private postsecondary institutions within a state as well as the arrangements for regulating, coordinating and funding them. We considered any institution or collection of institutions overseen by a governing board as a *subsystem*. States design systems by reserving certain powers and delegating others. Over time, the interplay of reserved and delegated powers shape the key inter-relationships among such forces and pressures as physical structure, reward systems, values and beliefs, work processes, unwritten rules, written rules, and information flows.[12]

Higher education systems operate within a *contextual environment* that includes historical factors, state government, a political culture, an economy, a geography, and population demographics. These elements reflect or contribute to individual needs and expectations, a labor market, and patterns of resource allocation. Higher education subsystems are linked to each other and to state government through a *transactional environment* or *interface* that both the state and the higher education subsystems influence, but neither controls. This transactional environment is dominated by *work processes* that involve some actors representing state government and others representing higher education. Our study identified *four work processes* that differentiate transactional environments among the seven study states:

> *Information management* is essential to assessing system performance effectively.[13] States must know where they are to decide where they need to go. Assessing system performance in relation to state priorities provides information about the extent to which current educational inputs and outcomes reflect state priorities.
>
> *Budgeting* enables state governments to negotiate with institutions to achieve state priorities. Budget language often calls attention to priorities without changing system arrangements for financing.

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Program planning determines the availability, quality, and location of educational programs and services. Planning that is done for the entire system can produce very different results from planning done by each subsystem.

Articulation and collaboration refer to the extent to which higher education institutions see themselves as a system and work together in such tasks as student transfer. These terms also refer to the extent to which postsecondary institutions work closely with the schools that furnish their incoming students.

Some states have established coordinating boards or planning agencies to work with state government. In others, subsystem governing boards for single or multiple institutions work directly with elected leaders or their representatives. While actors from both the contextual and institutional environments move into the interface as circumstances dictate, system governing boards, coordinating boards and planning agencies rarely stray from this arena. The default structure for interface work processes is voluntary coordination. We refer to the sum of a state's decisions about structure and work processes for higher education as its *governance structure*.

The governance structures of the seven case study states provided examples of four distinct arrangements for structuring the transactional environment. Each is described briefly below.

Federal Systems

Illinois and Texas each have a mixture of institutional and subsystem governing boards for public two- and four-year institutions. Each state also has a coordinating board with responsibilities for all higher education and the authority to play a significant role for all four of the work processes through which institutions and subsystems interact with each other and with elected state officials. In Illinois, the coordinating board implements the priorities of a constitutionally strong Governor, while in Texas the coordinating board must respond to the priorities of a constitutionally strong Legislature. In Illinois, where private higher education plays a major role, the coordinating board also has significant responsibilities for work processes in which this sector participates. We identify the Illinois and Texas systems as federal.

A Unified System

Georgia has a single governing board responsible for all degree-granting public institutions of higher education. The single board and its chancellor manage the interface between state government and institutions. We characterize the Georgia system as unified.

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Confederated Systems

Florida, California, and New York have two or more governing boards with responsibility for groupings of higher education institutions. Each state also has some type of planning agency with responsibility for all higher education and the authority to play some role in relation to one or more of the four work processes. In each of these states, however, subsystem governing boards and their appointed executives work directly with elected state leaders to negotiate budgets. California and Florida also each have a coordinating board responsible for community colleges. New York groups its community colleges within subsystems that include four-year institutions. We refer to these states as having confederated systems.

Confederated Institutions

Michigan has multiple governing boards, each responsible for one or more institutions. There is no agency with meaningful responsibility for all higher education. Each governing board with its appointed executive represents the interests of the institution(s) it governs directly to state government through the budgeting process. Four-year institutions and community colleges each have their separate arrangements for voluntary coordination to identify issues on which they are willing to cooperate in dealing with state government and with each other. We refer to Michigan as having confederated institutions.

Integrating Questions for the Cross-Case Analysis

We began the cross-case analysis by writing "integrating questions" designed to organize data from the case reports around the elements of the conceptual framework and our original research questions. The case reports for each state were then used to answer the questions and to develop an interpretive synthesis to serve as the source of data for answering the research questions. The integrating questions are listed below:

System Design

1. What state powers have been delegated to higher education governing boards? Which ones have been reserved to state government or a systemwide governing or coordinating agency?

2. Does the higher education system make available to state government and to the general public useful and credible information about characteristics, costs, and performance? Who collects this information? Who disseminates it?

3. How are institutional missions defined and modified? What arrangements exist for monitoring program quality and productivity and for limiting unnecessary program duplication?

4. Who is responsible for allocating resources appropriated by state government to higher education institutions? Are resources allocated in ways that contribute to the attainment of state priorities? Do system participants believe that the process is fair?

5. How does the system encourage collaboration across institutional types and groupings? Who is responsible for reducing barriers to student transfer across institutional types and groupings?

6. To what extent does the interface facilitate or require the active participation of private higher education in the discussion of state policy issues?

Context

1. What are the respective roles of the Governor and the Legislature in making decisions that influence higher education?

2. How have other historical factors (e.g., constitutional status, court orders, voter initiatives, master plans) influenced the relationship between state government and higher education?

3. Have there been recent changes in the contextual environment—such as those stated below—that suggest to the research team the need for more than incremental responses from the higher education system:
   a. competition for available resources?
   b. fluctuations in the state economy?
   c. changing demand for higher education?
   d. increasing diversity among the student population?

4. Do elected state leaders identify and actively support priorities for higher education?

System Performance

1. From the perspective of elected state leaders, how responsive is higher education to state priorities?

2. How effective has the system been in identifying and responding to contextual change?

3. How effective has the system been in balancing institutional and systemwide priorities when these priorities conflict?

4. How efficient is the system in terms of operating costs per full-time-equivalent (FTE) student?

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5. What level of access does the system provide in terms of the proportions of high school graduates starting college anywhere?

6. How successful is the public system in enrolling and graduating students from minority backgrounds in comparison with their white counterparts?

7. How affordable is the system when tuition and student aid are taken into consideration?

8. How successful is the system in achieving high retention and graduation rates among undergraduates?

9. What range of institutional choices does the system provide to undergraduate students?

10. How effective is the system in attracting and supporting strong institutional leaders?

Interpretive Synthesis

The case studies suggest that performance is influenced by contextual, structural, and leadership variables. Geography, political culture, demographics, and a state's economy present opportunities and challenges to elected leaders, who must choose over time among alternative and frequently conflicting visions of a state's future. Higher education systems are a part of these visions as well as a means to their attainment. Higher education governance structures define the transactional and institutional environments where leaders are held accountable for pursuing visions that receive political sanction.

We begin with the federal models, Illinois and Texas. We follow with Georgia, where a unified governing board provides a tight interface between institutions and state government. We then look at the confederated systems, Florida, New York and California. We end with Michigan, where institutions are the most loosely coupled to state government. Table 1 provides a brief description of each of these models.

Table 1

Types of State Governance Structures

Type of System	*Representative States in This Study*	*General Characteristics*
Federal Systems	Illinois Texas	There is a state agency that is neither state government nor higher education, but acts as an interface between state government and institutions. This agency is responsible for all four of the key work processes. Institutions or systems have individual governing boards.
Unified Systems	Georgia	All degree-granting institutions are governed by a single, consolidated governing board that is responsible for all four key work processes.
Confederated Systems	Florida New York California	There may be a statewide board with planning and advisory responsibilities, but it has limited authority in the budget process.
Confederated Institutions	Michigan	All or most institutions have individual governing boards. There is no meaningful state agency to which the state has delegated responsibility for the work processes.

The synthesis that follows is intended to expose interactions between context, leadership and governance structures. All of these concepts contribute to performance in interdependent ways that make disentangling their individual contributions a task of considerable complexity.

System Design

Federal Systems

Illinois

Illinois has delegated authority for all four of the work processes to the Illinois Board of Higher Education (IBHE), which in the words of its executive director is "not simply higher education or government." The board works with institutions, governing boards, and a coordinating board for self-governing community college districts through the program review and articulation processes. IBHE is the focus of the budget process through which the Governor, the Legislature, and their respective administrative agencies allocate resources while concurrently sending messages about priorities and accountability. IBHE also manages an information process that links all system participants with state government and the general

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public. The Legislature has preserved the decision-making authority of individual institutions by rejecting an attempt to increase board powers and by restraining board efforts to increase admission standards or merge programs. At the same time, the reserved powers implicit in the budget and program review processes prevent institutions from ignoring the concerns of state government. Even private institutions respond to IBHE initiatives as part of the price they pay to ensure they are not undercut by the public sector.

Information serves as the "glue" that holds the Illinois system together. IBHE is the collector and coordinator of most of that information. The list of reports IBHE publishes reads like an inventory of state priorities. IBHE cost studies provide a rationale for budget recommendations. The synthesis and related information IBHE provides for each higher education bill informs legislators, legislative staff, and the higher education community. To a house staff member, IBHE is the "institutional memory of higher education." Illinois is information-rich because IBHE responds quickly to requests and has been effective at getting legislators and others to use their services.

The IBHE program review process helps the public higher education community develop consensus about who should offer which programs and where. Through this process, institutions develop strong and well informed proposals, share information about their educational planning, and receive suggestions from peers about how proposals might be strengthened. IBHE uses focus statements defining institutional roles and formal criteria for program approval to exercise reasonable control over program proliferation. Through its relatively new Priorities, Quality and Productivity (PQP) Project, IBHE has pressured institutional governing boards to distinguish their programs on the basis of priorities, quality and productivity and to reallocate the resources captured to high quality, higher priority programs. Institutional leaders credit this program with strengthening their hand in a state where faculty collective bargaining often limits leadership options.

Institutional budgets and the use of information by the Board of Higher Education have been the driving forces behind Illinois' efforts to achieve priorities. The key to success is getting the Governor to approve the budget and part of the trade-off is that the board and institutions of higher education must be receptive to the messages the Governor sends. Even though the board's statutory authority extends only to *recommending* budgetary needs for operations and for capital improvements, the budget process is central to IBHE strategies for coordinating system activities. Institutions cooperate primarily because a constitutionally strong Governor regularly accepts IBHE recommendations. IBHE enhances the informal authority derived from its trust relationships with the Governor and, to a lesser degree with the Legislature, by concentrating on rational, responsible budget recommendations, and by reducing conflict among institutions and sectors.

IBHE coordinates an initiative to improve transfer that is of relatively recent origin. For much of its history, IBHE has been unwilling to jeopardize its consensus approach to program decisions by "arranging marriages" between institutions when the partners—such as the

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University of Illinois—have been reluctant to participate fully. IBHE has also developed a recent initiative to improve working relationships with K–12. Existing strong relationships between some two- and four-year colleges and between some higher education institutions and their K–12 counterparts are more the product of individual leadership than statewide articulation efforts.

Illinois is one of seven states that treats private institutions as an integral part of its higher education system. A large student financial aid program and the actions of IBHE to limit program duplication help ensure a strong and vigorous private sector. Privates also get more than $100 million in categorical grants annually. They provide 40 percent of all bachelor's degrees, 50 percent of master's degrees, and 75 percent of first professional degrees. Independent colleges and universities voluntarily participated in the PQP Project, although outcomes regarding the independent sector are still unclear. They also participate in such discretionary multi-institutional state programs as the telecommunications agenda, economic development, minority student achievement, teacher education, and the improvement of undergraduate education.

Texas

The Texas Higher Education Coordinating Board (THECB), like its Illinois counterpart, has responsibility for all four of the work processes. The board is charged with the unified development of the system, efficient and effective use of resources, elimination of duplication in program offerings, advocacy of adequate resources for institutions, and advising of the Legislature on higher education issues. The Coordinating Board also manages federal and state student assistance programs. It coordinates community college funding and oversees statewide articulation activities involving two- and four-year subsystems. The board is responsible for preparing a master plan for higher education and for developing the funding formulas through which 85 to 90 percent of legislative appropriations are allocated. Individual institutions determine how budgets are to be spent. The Coordinating Board approves new degree programs and some construction processes. The board strives to be seen as an impartial and objective source of information, which can be provided with or without recommendations by the board. The Legislature has acted without waiting for board advice, as in the case of several subsystem realignments that were authorized during the study. Following this action, however, the Governor, Lieutenant Governor, and the Speaker of the House issued a joint statement that such realignments would be considered in the future only after review by the Coordinating Board. The Legislature reserves the power to set tuition.

The Coordinating Board, which is the primary agency responsible for collecting data on higher education, regularly gathers information on faculty assignments, enrollment by class, and individual student-record data. Board staff members can track students across two- and four-year sectors to provide cohort data for each institution. The Legislature receives both technical and policy information from THECB. The Legislative Budget Board requests fiscal notes from the Coordinating Board on all higher education bills (300 to 500 per session). Beyond fiscal notes, the Coordinating Board receives over 200 requests from the Legislature annually for

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information related to higher education. Under legislative stimulus, the board has tried to pull together information on performance, an effort that has been successfully resisted to date by institutions.

The Coordinating Board works with institutions to develop a mission statement and a table of corresponding programs. Through the program approval and review process, the board applies the criteria of cost, need, and potential excellence to monitor quality and prevent unnecessary duplication. The review process is most visible at the doctoral level, where outside consultants are involved. The board has also adopted a formative quality-review initiative for community colleges to see if these institutions are performing their missions as established by the Legislature.

Close to 90 percent of legislative appropriations are distributed by formulas developed by the Coordinating Board in consultation with subsystems. While formulas may make it difficult for institutions to address specific priorities through the budget process, system participants believe the formula process is fair and that it eliminates budget battles that might otherwise occur. Despite this budget process, there is considerably less intra-system equity in Texas than in the other study states. (Intra-system equity refers to the extent to which state funding levels for the types of public institutions within a state system approximate national norms for those types of institutions.[4]) Two practices, neither under the jurisdiction of the Coordinating Board, account for the degree of inequity. The Legislature reserves the right to distribute from 10 to 15 percent of biannual appropriations on the basis of special-item funding for which institutional and subsystem leaders compete. Success is contingent upon the effectiveness of lobbying efforts and the power of supporting legislators. Even more important than institution-specific appropriations are the proceeds from the Permanent University Fund (invested oil revenues) that go primarily to the University of Texas at Austin and Texas A & M University.

Most observers told us that transfer and articulation between two- and four-year institutions are less effective than they should be. Yet the Coordinating Board did not at the time of our study have specific initiatives to improve these rates. Community colleges and universities have developed a common course numbering system voluntarily, but there is no common core of general education courses. System discussion of transfer has, however, increased as a result of concerns about remedial education created by the Texas Academic Skills Program (TASP), which mandates testing of basic reading, writing, and mathematics skills for all students entering higher education. Those who score below established levels must undergo remediation before they can enroll in upper division courses.

Private higher education is not actively involved in discussions of state policy issues. A need-based tuition equalization grant is the primary means for including independent institutions in state plans for meeting student demand.

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A Unified System

Georgia

The Board of Regents (BOR) of the University System of Georgia (USG) has the power to define institutional missions, to determine the array and size of institutions in the system, to allocate funds to institutions and to determine how much higher education will cost. Upon recommendation of the chancellor, the board acts upon all institutional recommendations regarding faculty, research, administrative and other employee appointments, including institutional presidents. Through its chancellor, the board may also set admission standards and limit enrollments. Because the University System enjoys constitutional status, the only real power reserved to state government is determining how much state money the system will receive. Strategic planning has been a cornerstone of the current chancellor's administration. Most of those interviewed said they believe that initiatives developed through this process reflect the goals and priorities of the state.

The University System collects general information about enrollments and costs. Elected leaders reported that information was often difficult to obtain and that comparable information across institutions was particularly scarce. The situation may be getting better because of advances in the use of technology. Despite legislative interest in accountability, there were no arrangements for reporting performance at the time of the study, though the University System is trying to address the issue.

The chancellor's office and the Board of Regents define and modify institutional missions. Currently, USG institutions are organized into four categories: research universities, regional universities, state universities, and two-year colleges. Each category is authorized to develop specified types of programs. All proposals for new programs undergo a rigorous preliminary review process by USG staff before being submitted to the Regents for final approval. At any point in the process, other institutions can raise questions about duplication and quality. Recently, the process was changed to add a five-year probationary period for new programs. At the time of the study, an external committee was looking at the mission of the entire system and trying to establish specific identities or missions for each institution.

The Board of Regents submits a unified budget to the Governor based on formulas for general support, special initiatives for specific institutions, a general obligation bond request, payback projects, minor capital outlay projects, and the salary request. Each requires its own separate justification. Over 90 percent of the budget is determined through the formula process. Budget battles in the Legislature occur most frequently around special initiative funding. The University System does not use formulas to allocate money to individual institutions. Those we interviewed indicated that institutions believe allocation procedures are fair. In fiscal year 1995, the Regents responded to the Governor's call for redirecting funding priorities for higher education by using funding increases for incentives. Tuition and fees are set at 25 percent of the formulas for instruction, academic support, and student services. In 1995, the Regents reduced

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tuition at two-year colleges by five percent to encourage more students to begin college at these institutions.

The University System brings institutional administrators together to discuss educational issues. The core curriculum which all share is often a focus. The transfer process works fairly well for the 15 two-year colleges within the system. It does not work nearly as well for the 33 technical institutions that are overseen by the Georgia Department of Technical and Adult Education (DTAE).

At the time of our visit, the University System was undergoing an extensive strategic planning process, led by the chancellor and the Board of Regents. Among the priorities identified through this process are: movement toward a semester calendar, a partnership with DTAE, and a preschool-to-college initiative that aims for systematic collaboration among all sectors of education.

To address what traditionally have been relatively poor college-going rates, the Governor instituted a scholarship program in 1993 that is funded by the lottery. The program, Helping Outstanding Pupils Educationally (HOPE), provides full tuition and fees to students who maintain a B average in high school and go on to attend a public institution in Georgia. Those who maintain that B average in college continue to receive the award.

Even though private institutions account for about 20 percent of the higher education enrollments in Georgia, they have not been actively involved in discussions of state policy issues. The private sector has been included in the statewide library system, however, and in discussions surrounding the HOPE scholarships. Private institutions are also collaborating with their public counterparts at the local level, particularly through an Atlanta organization called the University Centers of Georgia, which has brought together 17 or 18 institutions of all types to find areas for collaboration.

Confederated Systems

Florida

The Board of Regents of the Florida State University System (SUS), which has mission and program responsibility for SUS campuses, negotiates contracts with the unions through which their employees, including faculty members, are organized. The Legislature sets priorities, establishes tuition and funding levels, determines the role of private institutions, and resolves collective bargaining impasses in the University System. The SUS Board of Regents reacts to legislative priorities and attempts to blunt the effects of legislative actions on SUS institutions. The community colleges are organized separately from the University System, and local community college boards have similar responsibilities as the SUS Board of Regents. A statewide coordinating board for community colleges has only limited authority and no capacity for data collection or setting priorities. The Postsecondary Education Planning Commission (PEPC), which has advisory responsibilities to the Legislature, completes its

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master planning process before the University System, the community colleges, or the private and independent colleges can complete their required strategic plans. The state Board of Education (elected cabinet) is widely regarded as a "rubber stamp" for higher education policy decisions.

The SUS chancellor's office develops and manages a statewide database for public four-year higher education. Most of the information needed by the Legislature about four-year institutions comes from this source. While some policy leaders expressed frustration at the need to rely upon the University System, most said that the quality and timeliness of information are generally satisfactory when the desired information is available within the database. On specific issues, such as the number of excess credit hours students take and the levels of student income at various institutions, the Legislature authorizes special studies. There is no statewide database on community college students and no statewide information on community college performance. The Legislature produces annual statistical reports and profiles on higher education.

The Legislature may legitimately tell the University System to limit student enrollment or, conversely, to take more entering freshmen. They may not tell the Board of Regents that a new educational program should or should not be approved or where it should be located. The chancellor's office gives university presidents a fair amount of latitude in establishing the missions of their institutions. Competition for programs tends to occur where two institutions—like Florida State University and Florida A & M University—are located in close proximity and compete for some of the same programs. Decisions about program approval or discontinuance are made by the SUS office. Local community college trustees exercise similar authority over program approval at their institutions.

Each public university submits a budget to the SUS office based on historical allocations, changes in enrollment or institutional mission, and SUS priorities. The University System submits one budget directly to the Governor and the Legislature, and receives a single allocation with five or six major categories. Each campus receives a lump sum from the University System and distributes the dollars. There is no agreement between the University System and the Legislature on how resources should be allocated to the campuses. For each local community college district, the Legislature provides a lump-sum allocation derived from enrollment growth, previous year's base, and the need for new facilities and programs. Allocations are not affected by enrollment losses, which has resulted in inter-institutional inequities of as much as $800 per student. A recent incentive program established by the Legislature encourages community colleges to give up five percent of their budget in return for earning back more dollars by demonstrating success in completions, graduations and placements. Those whom we interviewed said that the 20 districts that elected to participate gained experience with the performance-based budgeting plan advocated by the Governor and the Legislature.

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Although there is no single agency in Florida other than the Legislature with responsibility for articulation and collaboration, there are many statutory provisions that acknowledge its importance. Florida's two-plus-two policy promotes the recognition and use of community colleges as the primary point of entry for postsecondary education. A statewide articulation agreement guarantees community college transfers with an associate of arts degree entry to the upper division of one of the state universities. These students are not, however, guaranteed their choice of program or institution. Student transfer is supported by an articulation coordinating committee, a statewide common course numbering system, discipline-specific articulation agreements among institutions, a network of institutional articulation officers, and such acceleration mechanisms as dual enrollment, early admission, and credit by examination. Despite this abundance of support programs and services, legislators are concerned that a substantial number of excess credits are taken by community college students. There is also concern about the "bottleneck" in many upper-division majors for both native university and community college students.

Private higher education, which accounts for 36 percent of Florida's baccalaureate enrollments, is an integral part of the state's higher education system. For high demand programs, the state pays the difference between public university and private institution tuition. The state also provides need-based tuition equalization grants for student who choose to attend a private college or university and offers direct institutional grants to private institutions. In total, state aid to private institutions now approaches more than $53 million annually. Statewide master planning, coordinated by PEPC, is the process used to draw the private colleges and universities into the overall higher education system in Florida.

New York

In the State of New York, higher education's governing structures and processes must be understood in the context of the overarching state regulatory agencies that permeate them. Most staff (other than faculty) of the State University of New York (SUNY) are employees of the state, subject to civil service regulations and collective bargaining agreements negotiated by the Governor's Office of Employee Relations. Tuition is effectively controlled by statutory restrictions upon differentials and limits on the authority of trustees to set tuition schedules. Expenditure and contract authority, except for specific exemptions, is reserved to the state. The Division of the Budget has the authority to alter downward the legally approved budgets for SUNY and the City University of New York (CUNY) if the state budget is out of balance. The New York Board of Regents has responsibility for preparing a master plan for all of higher education in the state, public and private. Prior to 1995, master plans were developed every four years with amendments every two years. When Governor Pataki came into office, this planning process was lengthened to eight years with amendments every four. The Regents also have ultimate program approval authority in the state. The State Higher Education Services Corporation is responsible for the administration of student financial aid. All public higher education institutions are organized into two geographically distinct, heterogeneous subsystems, each with its own appointed governing board. SUNY has many small and diverse campuses that are widely dispersed across the state outside New York City. The 30

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community college districts within SUNY have local governing boards. CUNY appears more like a subsystem due to: its history as a city university in which campuses enjoyed substantial autonomy, a relatively specific mission without the "prestige pyramid" found in SUNY, the geographical proximity of campuses and public transportation, and a graduate center that serves the entire subsystem. CUNY negotiates its own collective bargaining agreements and has close relationships with the political power base in New York City government, which provides the local share of funding for CUNY's six community colleges.

The Regents monitor graduation rates and require institutions to publish time-to-degree information, including successful completion of licensing examinations. The Regents are also working on other performance indicators that would reflect the separate directions that institutions set. The independent sector relies on information collected by the Regents and uses it to support their requests to the Legislature. SUNY central staff believe that good information about performance and relative levels of quality and activity at different institutions is available, but that neither the central office nor the SUNY Board of Trustees has used it to the extent they should. The CUNY central office is upgrading its management system, but does not at present have the capacity to collect needed information from campuses.

In theory, institutional missions are defined and modified in the eight-year statewide plans prepared by the Regents from information submitted by CUNY, SUNY, and private institutions—and then approved by the Governor. In fact, the missions of SUNY campuses appear to be defined loosely by such functional types as universities, four-year colleges, and two-year colleges. Campus missions may be modified by the Regents' program reviews when new major programs are proposed or existing ones reviewed. The Regents' reviews focus on quality and have been credited with keeping "degree mills" out of the state. In the 1970s, the Regents terminated several doctoral programs at SUNY, an action that was subsequently upheld in the courts. SUNY does not appear to have any active programs for monitoring program quality or productivity. It does review campus proposals for new programs for unnecessary duplication before forwarding them to the Regents. CUNY has a more specific mission than SUNY, calling for the strongest commitment to the special needs of its urban constituency. Through a recently adopted planning process, CUNY is beginning to review all programs for unnecessary duplication and productivity. It is not clear that this process reaches, or tries to define, quality.

Until recently, the budget requests of both SUNY and CUNY have been aggregations of campus requests after internal review. At present both subsystems are maintaining this approach for such core items as salary increases and inflation, but are consolidating special campus requests and tying them to subsystem-wide initiatives. Neither SUNY nor CUNY uses explicitly enrollment-driven formulas in developing budgets. The Governor's budget is lump-sum form, but the Legislature attaches riders with line items for specific campuses. Aside from the Governor's objective of reducing expenditures, there do not seem to be any explicit state priorities to which allocations are tied. SUNY and CUNY exercise reasonable authority to allocate appropriations among campuses cautiously. In SUNY, increases have

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been allocated essentially "across-the-board." Allocations in SUNY are perceived as essentially fair, although there are concerns among larger institutions about the high costs of maintaining small campuses. There are also concerns at SUNY about the significantly higher operating costs for the statutory colleges at Alfred and Cornell Universities. CUNY has begun to allocate funds to campuses to reflect the chancellor's priorities, as reflected by the decision to fund a central institute for English as a Second Language with funds requested for campus programs. CUNY also uses its control over new faculty positions to encourage compliance with subsystem priorities. New York has the most equitable intra-system allocations among the seven states, meaning that state funding for its types of public institutions closely approximate the national norms for those institutional types.

Responsibility for collaboration and articulation is implicit in the heterogeneous SUNY and CUNY structures. SUNY has tried to improve articulation by giving additional funds to four-year colleges based on their enrollments of two-year college graduates. Those we interviewed said that they believe that articulation works well within each of the subsystems. CUNY was perceived as more focused and more responsive to changing financial circumstances than SUNY. This difference seemed due to CUNY leadership, geographic proximity, and institutional traditions that include consortia arrangements. The Regents' broad responsibilities for both higher and basic education does not appear to have strengthened coordination or collaboration between schools and colleges, except in the area of teacher education. Both subsystems do have institutional initiatives that aim at closer working relationships with the public schools.

The 107 private colleges and universities in New York dominated higher education for more than two centuries. They still enroll 40 percent of the state's students and produce 58 percent of the baccalaureate degrees, 69 percent of the graduate degrees, and 83 percent of first professional degrees. Bundy Aid, administered by the Regents, provides approximately $40 million annually (down from $100 million in 1990) directly to private institutions based on the number of degrees they award. About 40 percent of the students in private institutions participate in the need-based Tuition Assistance Program (TAP), which is an entitlement program. The major vehicle for private sector participation in policy decisions is the Regents' program review process, where public and private institutions compete to offer new major programs.

California

The California Postsecondary Education Commission (CPEC), which serves as an advisory agency to the Legislature, Governor, and postsecondary institutions, has statutory authority to establish a statewide database, to review institutional budgets, to advise on the need for and location of new campuses, and to review all proposals for new academic programs in the public sector. While the commission was founded to be an independent voice on higher education, there are not a lot of teeth in the legislation. A voluntary coordinating committee, the California Roundtable, supplements CPEC, periodically waxing and waning depending upon leadership provided by the California State University (CSU) and the University of California

(UC). The California system was designed to maximize the influence of professionals and to minimize external intrusions, and it achieves that objective. Institutions of public higher education are divided into three tiers with single governing boards for the two four-year segments and a coordinating Board of Governors for locally governed community colleges. UC Regents do not evaluate the president, who is a voting member of the Regents, and they do not receive information about the relative performance of the nine campuses they oversee. They typically do not get involved either in curriculum decisions or in actions involving academic personnel, as they have formally delegated these decisions to the academic senates. Much of the work on the budget is done without input from the Regents and they do not approve the formula used to distribute legislative allocations among campuses. The university is the only public segment in California with constitutional status. Although subject to less regulation than in the past, the 22-campus California State University still faces significant state control because it lacks the constitutional status of the UC subsystem. Among community colleges, the role of the state coordinating board remains unclear and faculty dominate local governance through the trustees they help to elect, the collective bargaining agreements local boards subsequently negotiate, and through shared governance, which seems to cover any contingency not resolved through collective bargaining. Many policy makers view community colleges in their present structure as essentially ungovernable. The primary powers reserved to the state (apart from close regulation of CSU and community colleges) involve the determination of annual appropriations for each segment (attenuated in the case of community colleges by voter initiatives) and the appointment of members of the UC Regents, the CSU Trustees and the community college Board of Governors. A separate Student Aid Commission administers state and federal student financial aid programs. Periodically, the Legislature or the Governor commissions studies of the Master Plan. Past reviews have been more noteworthy for the political battles they generated than for the amount of change they instituted.

Providing information may be CPEC's most important current function. Annual CPEC reports deal with such issues as faculty salaries, executive compensation, and higher education performance. There are fact books on fiscal profiles and student profiles as well as topical reports in such areas as: "three strikes" legislation; plans for record student enrollment levels expected over the next decade; improved outcomes; and community college student charges. CPEC's credibility in producing these reports is impaired by the degree to which the commission must rely on subsystem sources for data. Most policy makers believe the reports raise only those issues that the segments want to raise, and that the segments do not make an effort to provide information that might put them in a bad light. The Department of Finance, and the Office of the Legislative Analyst also publish occasional reports on higher education issues. UC receives the most criticism for the quality, accuracy, and timeliness of the information it provides to those outside the university. Most respondents indicated that CSU has been better about furnishing information. Since the two segments see themselves as being in competition with each other, they are careful about what information is furnished to whom. Information about community colleges is difficult to characterize because its sources are so diverse and fragmented. While some districts provide excellent information to their local

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constituencies, the overall picture is confused and chaotic. In the current policy environment, it is not clear that more or better information would necessarily have much impact. The Governor vetoed a student information system for CPEC that had been approved by the Legislature. The Governor and Legislature find it much easier to cut deals with segment heads on the basis of political philosophy and available resources than to try to make sense out of data pried from reluctant segments.

Institutional missions are embedded in the Master Plan. In the more than 30 years that have passed since the Plan was adopted, it has been revisited five times, most recently in 1986. While there have been a number of attempts to reform community college governance, the original allocation of jurisdictional responsibilities has remained intact. The program review process is primarily campus-based. There is a fairly serious review of new programs and programs considered for discontinuation by the four-year subsystem offices. CPEC keeps an inventory of programs and must review new majors, new programs (the School of Public Administration, for example), or joint doctoral programs. While there is some question as to whether CPEC could prevent a degree or program from being offered, the subsystems typically work with CPEC to negotiate around problems that develop. Community college districts can offer new courses—but not new programs—without approval from the statewide Board of Governors. In approving programs, the board looks only at duplication with the offerings at nearby community colleges and does not consider the impact on other parts of California higher education.

Subsystem heads interact directly with state government in the annual budgeting process. The Department of Finance develops the budget that is introduced by the Governor. The Budget and Finance Committees in the Senate and Assembly consider higher education as part of the single central budget that includes all state expenditures. The Office of the Legislative Analyst is the nonpartisan body that has responsibility for reviewing budgets. Recently, the Governor has taken a direct role in the budgeting process by negotiating agreements with the segment heads for UC and CSU. The president's office coordinates the development of a unified budget for the University of California. Priorities are the result of meetings among the chancellors and their planning and budgeting vice chancellors. Once the Legislature has made its lump-sum appropriation, funds are divided among campuses through a formula determined by the university. Campuses have substantial latitude over the funds they receive through whatever formula the subsystem agrees upon. The California State University develops a unified budget request that articulates priorities previously discussed with the Executive Council, which is composed of the chancellor and campus presidents. Allocations are heavily enrollment-driven with a base for each campus to which incremental changes are made based on changes in enrollment. Apart from special circumstances, institutions can gain or lose two percent in enrollment without affecting their base funding level. Campuses negotiate with the chancellor for additional monies that may be available based on increases or decreases in enrollment, enrollment targets and subsystem initiatives. State appropriations for community colleges are driven by Proposition 98, which requires that 40 percent of general fund revenues go to public schools with an unspecified proportion reserved for community colleges. In practice, that

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proportion has hovered around 11 percent. Allocations to districts are formula driven and largely incremental since the amount of funding for enrollments is capped. Tuition and fees are set by the state. The state also has about 20 categorical programs ranging from disabled students through economic development and increasing transfer rates. Together these programs represent from 10 to 15 percent of the total appropriation. Community colleges are widely regarded in California as seriously underfunded. Within each of the three segments, intra-system allocations are reasonably equitable, ranking slightly below the national average.

California provides many examples of collaborative activity between individual institutions. In California, however, no one is in charge of articulation. There is general agreement that the subsystems need to work together more closely to be sure that students are prepared to succeed. The Intersegmental Coordinating Council (the operating arm of the Education Roundtable) serves as a voluntary arrangement for working across segmental boundaries. Whatever is not worked out voluntarily is left to the Legislature. The Legislature has tried to fill the coordination vacuum with transfer centers, course articulation numbering systems, a mandated general education core, and, most recently, a common course numbering system. Transfer works reasonably well between community colleges and the state university, which is very dependent upon transfers to fill upper division classes. It works less well with the University of California despite the strong influence UC exercises over core courses, not only for community colleges but for CSU as well. Even where it works well, there are problems. CPEC tries to keep score on transfer successes and failures, but its efforts are inhibited by the absence of a student information system that permits cohort tracking.

Private institutions have a distinctive niche in California higher education that has not been fully exploited, partly because the California Constitution prohibits direct support to private entities. Private institutions enroll 22 percent of all undergraduates in four-year institutions, 48 percent of master's degree students, 60 percent of those seeking doctoral degrees, and 67 percent of those pursuing first professional degrees. Language inserted in the 1987 Master Plan revision requires the state to consider the capacity and utilization of the private sector in making planning decisions. Current estimates suggest that the private sector might be able to supply from 10,000 to 40,000 slots, or about ten percent of the projected enrollment surge expected over the next decade. There are three main points of contact for independent colleges with the rest of higher education: Cal Grants; the Cal Higher Facilities Bonding Authority; and voluntary informal relationships such as the California Higher Education Roundtable. While a representative of the private sector sits on the Roundtable, and individual presidents of major institutions like Stanford have influence in the state, the overall impact of the private sector in California remains weak.

A Confederated Institutions System

Michigan

Michigan has no statewide agency with significant responsibilities for higher education, and all four-year institutions have constitutional status. Each public university, with the exception of

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the University of Michigan's (UM) two branch campuses at Flint and Dearborn, has its own governing board with exclusive responsibility for management and control. Universities are regarded as the "fourth branch" of state government. While the 1963 Constitution charged the state Board of Education with serving as the general planning and coordinating body for all of higher education, a 1975 court decision found that UM did not need the board's approval to expand or establish programs, effectively limiting the authority of the state board to advising the Legislature on requests for funds. Universities have refused to cooperate with the State Board of Education and resist any perceived encroachment on their constitutional authority. A voluntary Council of University Presidents develops positions on the state budget, monitors legislation, provides limited data collection and dissemination, reviews academic programs, and serves as a vehicle for interacting with state government. Activities of the council are supported by an extensive committee structure involving provosts, academic deans, business officers, governmental relations officers, and others. The policy community believes that universities use the council for those issues that benefit them, but primarily stand by themselves. There are two statewide structures for Michigan's 29 community colleges. The first is the Michigan Community College Association, a voluntary association that concerns itself primarily with legislative advocacy. The association also facilitates the exchange of information among member institutions and provides in-service development programs for local trustees. The second is a Community College Board created in the 1963 constitution as an advisory body to the state Board of Education. The importance of the Community College Board can be inferred from the Governor's actions in cutting its budget significantly and in eliminating board member per-diem expenses for meetings. State government has reserved the power to determine the appropriation each institution receives each year.

Michigan has no information about the performance or participation of minority groups, the success of remedial education, how money is being spent, or what the state receives for its investment in higher education. Most of the information that is collected and used for any sort of analysis for universities goes into the Higher Education Information Data Inventory (HEIDI), which resides in the Department of Management and Budget (DMB). HEIDI is oriented to provide expenditure and faculty compensation data rather than performance data. Those who use the database describe it as inadequate and inaccurate. HEIDI is not compatible with the Integrated Postsecondary Education Data System (IPEDS) database, which resides in the state Department of Education. The department has made several attempts to get funding to improve information collection and dissemination, but four-year institutions have been successful in defeating these efforts. Because the department has responsibility for approving programs for institutions receiving federal funds, community colleges have regularly collected and reported information to ensure eligibility. Universities prefer to limit data collection to the DMB because that is where their budget decisions are made.

Individual institutions define and modify their own missions. A voluntary approval process for new programs for universities is operated under the auspices of the Presidents Council, which provides a check on quality, but does not limit program duplication. If a program fails to win approval, it will not be added to the "boiler plate" language in the legislative appropriation.

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Failure to win approval is not necessarily a deterrent, as evident from the pharmacy school at Ferris State and the engineering program at Grand Valley State, both of which were not approved but were implemented anyway. Universities have also begun to establish centers across the state where they offer bachelor's and master's degrees, sometimes without the requirement of attending the main campus. No one (other than the regional accrediting association) has responsibility for monitoring such institutional decisions, which have resulted in further program duplication. Community colleges present fewer problems due to their geographic boundaries and because the state Department of Education must approve programs that receive federal funds.

The only way for state government to influence higher education in Michigan is through the budget process. Universities submit their requests to DMB. Budget requests include information on current and prior year FTE positions, faculty salaries, enrollments, and tuition and fee rates. DMB pays little attention to the requests because they invariably are too high. DMB calculates the increase for higher education by looking at the percentage of revenue growth for the state. Funding is based primarily on historical funding patterns over the past 30 years. While the Legislature is attentive to the priorities of the Governor, it typically provides a lump sum to each institution at a common rate of increase. Institutions can spend their appropriation as they see fit. When enrollment growth outpaced funding at some institutions, the Presidents Council successfully called for a one-time infusion of funding into the base budget to establish a minimum funding floor per student. A funding increase for Michigan State University (MSU) in 1995–96, engineered by the Governor without council endorsement, created controversy and hard feelings. Generally, however, institutions view the allocation process as fair as long as the "pecking order" is maintained. Community colleges are funded by a formula that is largely driven by changes in enrollment. The formula does not penalize institutions that experience enrollment declines. The formula is never fully funded and not even fully used, since about half of the increases for this segment are typically distributed across the board. Michigan stands at the national average in terms of the equity of its intra-system allocations.

The relationship between institutions of higher education and K–12 schools was described by interviewees as relatively poor. Language in the fiscal year 1996 appropriation bill called for institutions of higher education to report information on the performance of students to the high schools they graduated from, but the language is not binding because of constitutional autonomy. There are also dual enrollment programs that allow high school seniors to enroll in college or university courses for credit, with the state paying the tuition. A transfer agreement between two- and four-year institutions developed in the 1970s by the Michigan Association of Collegiate Registrars and Admissions Officers defines the courses that would be accepted by each signatory as fulfilling general education requirements. The agreement is of limited value because not all of the state's four-year institutions have signed it, and those who did sign it subscribe to its provisions to varying degrees. Apart from local efforts at articulation, the state Board of Education publishes transfer surveys primarily, we were told, to embarrass universities that have poor records for accepting and graduating community college transfers.

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Private institutions enroll about 15 percent of the FTE student enrollment in Michigan. The private sector is included in state policy decisions to the extent that the state provides $425 for each general bachelor's or master's degree awarded by a private institution, and half that amount for an associate degree. Private institutions also receive approximately $2,000 for each bachelor's or master's degree awarded in a health field that required clinical experience or state licensing. Because the state does not want to open an additional dental school, it provides a flat grant of $4 million annually to the University of Detroit's Mercy Dental School. There is also a need-based tuition grant program for students attending private institutions and three other small financial aid programs. Financial aid programs in Michigan do not compare—in terms of dollar amounts—with the much larger aid programs in New York, Illinois or Florida.

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Historical Influences on System Design and Governance Structures

Several historical factors—such as the constitutional strength of the governor, the constitutional status of institutions, voter initiatives, and political influences—affect system design and governance structures. Table 2 provides a summary of some of the constitutional factors that influence governance structures.

Table 2

Constitutional Factors Affecting Governance Structures

State	*Type of Governance System*	*Constitutional Strength of Governor**	*Constitutional Status of Institutions*
Illinois	Federal System	Strong	No public institutions have constitutional status.
Texas	Federal System	Weak	No public institutions have constitutional status.
Georgia	Unified System	Moderate	University System of Georgia institutions all have constitutional status.
Florida	Confederated System	Weak	No public institutions have constitutional status.
New York	Confederated System	Strong	No public institutions have constitutional status.
California	Confederated System	Strong	University of California has constitutional status; other public systems do not.
Michigan	Confederated Institutions	Strong	All four-year public institutions have constitutional status.

* From J. M. Burns, J. W. Peltason, and T. E. Cronin, *State and Local Politics: Government by the People* (Englewood Cliffs, NJ: Prentice-Hall, 1990), p. 113.

Illinois

Illinois has a constitutionally strong Governor who historically has exercised leadership on higher education issues.[5] In 1961, the state established a system of subsystems for higher education that was coordinated by the Illinois Board of Higher Education (IBHE), which was given relatively weak statutory authority. This system of subsystems was created partly to bring together and thereby improve the capacity of several smaller four-year institutions to compete with the University of Illinois (U of I) and Southern Illinois University (SIU), which remained as separate subsystems. One of the first actions of the new board was to create a network of locally governed community colleges, coordinated by a state community college

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board, which in turn was made subordinate to IBHE. Private, nonprofit institutions, historically strong in urban areas, were defined as an integral part of the Illinois system in the late 1960s, thereby limiting the growth of public four-year institutions. Concurrently, Illinois created a need-based Monetary Award Program to assist undergraduates. By 1994, this program was the third largest in the nation. In 1995, the Legislature ended the system of subsystems by abolishing two subsystem boards and replacing them with individual governing boards for seven of the eight affected institutions. Faculty in most higher education institutions other than the University of Illinois are organized for collective bargaining.

Texas

In Texas, which has a constitutionally weak Governor, leadership on higher education issues has come from the Legislature and the Lieutenant Governor. In contrast to the "orderly and rational" Illinois system, higher education in Texas seems "ever-changing" and "unplanned." Actions that converted two-year colleges into four-year colleges and that created upper division institutions that subsequently added a lower division were based on growth but not on planning. Those we interviewed agreed that governance structures are primarily the result of political influence. Depending upon whom one asks, however, the Texas Higher Education Coordinating Board (THECB) was created in 1965 either as "an attempt by the Legislature to limit its own discretion," as an attempt "to coordinate the disorganization," or as a referee or scapegoat to keep subsystems from having to make unpopular decisions. Regardless of how its role is characterized, the Coordinating Board must carry out its system responsibilities—for 40 public four-year institutions organized in a mix of six multi-institution subsystems and four free-standing campuses; 50 community college districts; and 40 private institutions—in an environment that often involves antagonism both from the Legislature and from some of the subsystems.

Georgia

Georgia's Governor exercises significant influence on higher education through his powers of appointment and his influence on the budget process. The current Governor has made higher education a priority. The Georgia system is the most simple of the seven in its design. A 1931 decision placed all degree-granting institutions under the supervision of a single governing board. Following a 1941 attempt by the Governor to intervene in the hiring and firing of administrators, the state ratified an amendment that gave the board constitutional status to govern, control, and manage the system. In 1996, the University of Georgia system included 15 two-year and 19 four-year institutions. Two-year institutions have been used less extensively than in other study states.

Florida

Florida has a constitutionally weak Governor. The Appropriations Committees of the House and Senate make most of the important decisions about higher education spending. Under single-party domination, past governors have provided significant leadership on higher education issues, but with the emergence of a more competitive political system, gubernatorial influence has weakened. The history of the Florida system includes legislative control

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extending to individual salaries, campus locations, size of buildings, and expansion of academic programs. In 1956, the state created an ambitious state community college subsystem. In 1968, community colleges gained independent governing boards appointed by the Governor and in 1979 a weak coordinating board whose powers were strengthened somewhat in 1983. Until the establishment of a single governing board for all four-year institutions in 1965, four-year institutions operated under the supervision of a state Board of Control. The Board of Regents, which replaced the Board of Control, was described by many interviewees as "control-oriented" in its relationships with the ten campuses that currently comprise the subsystem. In addition to the state Board of Education, which is comprised of elected cabinet heads, the Postsecondary Education Planning Commission (PEPC) has provided information and policy analysis to the Legislature and Governor since 1980. Faculty in the State University System and in most community colleges are organized under the terms of a weak collective bargaining statute.

New York

A constitutionally strong Governor in New York State has historically exercised leadership on higher education issues. A full-time Legislature divided between upstate Republicans who dominate the Senate and downstate (urban) Democrats who control the Assembly serves as "custodians" of higher education with a "fairly significant role" in setting the missions for the public campuses. In 1948, a diverse collection of two- and four-year institutions located outside New York City were combined under a single governing board as the State University of New York (SUNY). By 1996, the subsystem had grown to 64 campuses, five of which were "statutory colleges" located at private Cornell University and Alfred University. Within SUNY are 30 community colleges, each governed by its own appointed board of trustees. Through a similar metamorphosis, the City University of New York (CUNY) grew from two four-year institutions under a single governing board in 1926 into a merged two- and four-year subsystem in 1961, and ultimately to a subsystem of 13 four-year and 6 community colleges, all located in New York City. Despite these developments, private institutions dominated higher education until the 1960s. A state agency, the University of the State of New York Board of Regents, dating from 1784, has responsibilities for all education and provides limited coordination for higher education in areas related to quality assurance, long-range planning, and equity and access. A separate state agency administers student aid. CUNY has one of the first and strongest faculty unions in any public setting in the United States. Collective bargaining agreements are negotiated for SUNY (excluding community colleges) by the Governor's Office of Employee Relations.

California

California has a constitutionally strong Governor whose influence on higher education is pivotal, but recent governors have not exercised much leadership on higher education issues. Voter initiatives (including property tax limitations, income and inheritance tax limitations, set asides for public schools and community colleges, and term limits for legislators) and a severe recession have restricted state revenues as well as the continuity and freedom of action of elected state officials. The 1960 California Master Plan recognized three subsystems, each with

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its own, defined clientele and specified program authority. Constitutional status, as interpreted by a series of court decisions during the 1970s, lead many to describe the nine-campus University of California (UC), governed by a single Board of Regents, as "the fourth branch of state government." A powerful universitywide Faculty Senate dominates the process of selecting campus and university leaders and consults directly with the Regents on all policy decisions. The 22-campus California State University (CSU), under a single Board of Trustees has a history of being micro-managed by state agencies. The state university also has had administrative/faculty tensions that have resulted in statewide faculty collective bargaining. Community college districts with elected local governing boards have existed since 1921. Their fiscal status became problematic in 1979, however, when a voter initiative effectively ended governing board authority to levy local taxes. The 1979 initiative did not affect responsibilities for negotiating collective bargaining agreements. Reviews of the California Master Plan for Higher Education in 1974 resulted in replacing the Coordinating Council for Higher Education with the California Postsecondary Education Commission (CPEC), charged with advising the Governor, legislators and institutions of higher education on major educational policies. A 1988 review led to a strengthened statewide Board of Governors for coordinating the community colleges, as well as shared authority for community college faculty, who were already highly organized for collective bargaining.

Michigan

Michigan's constitutionally strong Governor is the state's most influential higher education leader. An historically powerful Legislature recently has been challenged by shifting political currents and term limits. The University of Michigan (UM) was the first institution in the nation to be accorded constitutional status (in 1850), partly as a result of political interference in its operations, including legislative and gubernatorial involvement in the selection and removal of faculty. Three subsequent constitutional revisions have preserved and strengthened the state's tradition of institutional autonomy, extending constitutional status to other senior institutions in the state. Each institution and the UM subsystem has its own governing board with those for Michigan State University (MSU), Wayne State University and UM chosen in statewide elections. Michigan's 29 community colleges, each with its own elected governing board, serve about 80 percent of the state's population. There is no dominant private university. Many of the 14 or 15 percent of the students served by the private sector are enrolled in career programs in business and other vocational/technical fields. While the 1963 constitution assigned the Board of Education and its advisory Community College Board with planning and coordinating responsibilities for higher education (consistent with the constitutional status of institutions), subsequent court decisions and funding cuts have completely eroded any responsibility that the Board of Education might have been intended to exercise for higher education. Both the universities and the community colleges have developed separate arrangements for voluntary coordination. With the exception of UM, MSU, and Grand Valley State University, faculty at all Michigan institutions have collective bargaining agreements.

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Links Between Contextual Changes and State Priorities for Higher Education

Illinois

At the time of our study, Illinois boasted a healthy economy and high per capita income. Forecasts predicted stable enrollment growth for higher education. The major challenge for elected leaders involved finding ways to respond to growing demands from public safety and health care in the face of declining federal dollars. Republican domination of both houses of the Legislature and major elected state offices provided a supportive environment for system changes in governance structures with the avowed purpose of making regional universities more responsive both to state government and to their constituents. None of these contextual changes seemed of sufficient magnitude to require significant structural or performance changes in Illinois higher education.

Despite the absence of major contextual changes, elected leaders—particularly the Governor and Lieutenant Governor—sent strong messages to higher education to prioritize, to emphasize quality, "to do what you do best." Legislators invested in technology to provide a different form of access through distance learning. Elected leaders and their appointees also emphasized the quality of undergraduate instruction, affordability, productivity, efficiency and accountability.

Texas

In Texas the most important change in context involves a projected growth of 100,000 students (12.5 percent) from 1994 to 2000, with disproportionate increases among the minority population. If Texas is successful in increasing participation rates among minorities so that they equal those for Anglos, the projected increase in enrollments would more than double. The economy has recovered from a severe recession in the late 1980s, but higher education will face increasing competition for state resources. The best guess is that the growth in enrollment and student diversity will outstrip the current capabilities of the higher education system in the absence of significant change.

Priorities for higher education in Texas must be inferred more from legislative action than drawn from official statements. Higher education is always a priority for the Legislature even though this is not overtly stated. Legislators support access through a policy of low tuition in all public institutions. They are also interested in quality and accountability, as is evident from legislative support of the rising junior exam, legislative backing for the remediation embodied in the Texas Academic Skills Program (TASP), and two unsuccessful legislative attempts to implement performance funding. Through competitive programs for funding faculty research and advanced technology applications, the Legislature has spent more than $650 million each biennium since 1987 in support of a priority for economic development. And the criteria used by the Texas Higher Education Coordinating Board (THECB) in its program review process, with tacit support from the Legislature, include cost, need and quality.

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Georgia

The Georgia economy has been strong and has grown in the 1990s as it has changed from a predominantly rural to a predominantly urban one. The state passed a lottery under the leadership of the current Governor, who has jealously guarded the proceeds as a supplement to education dollars. The possibility of fewer resources in the future as a result of the passage of tax reduction legislation has been addressed in part through a proposal from the Governor calling for all state agencies, including higher education, to redirect five percent of their budgets. Enrollments in the University System of Georgia increased by 50 percent from 1985 to 1995 with an additional 11 percent expected by the year 2000. Given that the higher education system has already made significant changes to position itself for the next century, additional strategic responses should be sufficient to cope with foreseeable contextual change.

While elected leaders actively identify and support priorities for higher education, as evidenced by the focus on access of the HOPE scholarships, many of the priorities arise from within the constitutionally autonomous system. At the same time, the current chancellor, who is highly regarded by elected leaders, spends much of his time communicating with the Governor and legislators to ensure support for priorities which, if not announced by elected leaders, are cleared with them in advance. The chancellor's priorities—for a seamless preschool-through-college education system, accountability, quality in academic programs, and the development of human resources—are all supported by the Governor. The Governor and the Legislature also have endorsed the system's success in preventing mission creep and in strategic planning to promote excellence, collaboration and the efficient division of responsibilities.

Florida

Florida experienced a severe recession in the early 1990s, when state revenues were stagnant for three years. The absence of a sales tax and citizen-led initiatives setting revenue and spending limits will make funding higher education increasingly problematic and competitive. At the same time, both the younger and older populations are growing, which is placing increased pressures on social services. It will be difficult for the higher education system to respond to a changing economy and increasing diversity in age and ethnicity without significant changes to the way higher education is currently delivered in Florida.

Elected officials set the policy agenda for higher education through a political process that some campus actors perceive as micro-management focused around specific strategies. As in Texas, priorities for higher education in Florida must be inferred from legislative actions as well as from the statements of public officials. The high priority placed on efficiency and improved productivity is apparent from the initiative to limit the number of state-funded credit hours for associate and baccalaureate degrees as well as the Governor's emphasis on performance-based budgeting and accountability. The Legislature remains committed to maintaining access through low tuition. The state's focus on economic development can be found in its efforts to create a highly skilled work force and in the importance placed on applied research. The Legislature has also introduced salary incentives for exemplary teaching and has

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reduced the importance of its rising junior exam (CLAST) as a "gatekeeper" to the baccalaureate degree by allowing students to demonstrate academic readiness through such alternatives as good grades.

New York

Public and private higher education sectors in the State of New York operate in an intensely competitive and partisan political environment. The most important contextual change was the election of a Governor on a platform that promised to cut taxes and shrink government. Although cuts have not been as extensive as the Governor originally proposed, both CUNY and SUNY received significant reductions in state funding in 1995 and 1996. The Governor's attempts to reduce state funding have increased competition for funds. Although the state economy suffered in the early 1990s, it has now leveled off. While there are no significant enrollment increases forecast for SUNY, a probable increase in demand by lower income groups has been projected by CUNY. CUNY also expects increasing numbers of non-English-speaking immigrants. Based on the current political environment and the Governor's priorities, it is not difficult to make the case that higher education in New York State faces the need for significant change.

Many people we interviewed said that the current Governor's priorities for higher education are improving educational outcomes within the two public subsystems while simultaneously enhancing economies of scale. The Assembly safeguards such CUNY interests as access, while the Senate focuses more on quality, economic development, and SUNY. Some believe that differences between the two chambers of the Legislature are more significant for higher education than the Governor's priorities. Most agree that no one is really looking out for the whole picture.

California

California continues its recovery from the worst recession since 1929. The effects of the recession are apparent in a relatively high unemployment rate, more low-paying and fewer high-paying jobs, a slippage in the educational levels of some segments of the labor force, and growth in the younger nonworking population. California is the most diverse state in the United States, with close to one-third of its population comprised of non-Caucasian groups. Hispanics are the largest and fastest growing minority. The Asian-American population is also growing rapidly. Four out of every five new Californians in the 21st century will be either of Hispanic or Asian origin. Student enrollment in higher education is expected to increase by over 450,000 students over the next decade, an increase of about 28 percent. Opinion is divided on the magnitude of the response required by higher education to address these contextual changes. Leaders within each of the public subsystems believe that the sum of their individual responses will add up to what the state needs if there is sufficient funding. Concurrently, interviews with California leaders and the general public conducted by Public Agenda, as well as our own interviews, revealed little confidence that higher education issues can be addressed with real purposefulness within the existing system.

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The political environment sends few clear messages to higher education because of shifting political philosophies, uncertainties about the effects of term limits, the autonomy of the University of California, and the difficulties in governing the community colleges. Most refer to the priorities of access and quality embedded in the Master Plan, while concurrently acknowledging the state's inability to continue funding higher education at the same levels as in the past. A budget compact between the Governor and heads of the two four-year subsystems suggests continuing concern for access and affordability, as do the Governor's and Legislature's actions in buying out the first two of four years of agreed-upon tuition increases. In addition to access and affordability, some legislators attach importance to economic development through research, quality of instruction, and improved collaboration with the K–12 system. Underlying modest efforts to revisit state priorities is a sense of considerable complacency with what the higher education system currently delivers as long as the system does not cost too much money nor conflict with the Governor and Legislature.

Michigan

After years of fiscal crisis due to downsizing in the auto industry, Michigan is now experiencing relatively stable economic growth but growing budgetary pressures from corrections and Medicaid. The state faces only moderate growth in higher education enrollments. The most unsettling contextual change was the imposition of term limits, which some believe will create a more activist Legislature with greater interest in obtaining information about how appropriations are being spent. Term limits may also threaten the "pecking order" of institutions and the practice of providing incremental budget increases without regard for institutional growth, decline, or performance. Stable resources and declining numbers of high school graduates appear to insulate Michigan higher education from the need for significant change.

Elected leaders have been supportive of higher education. While there is no consensus about what the state looks for from its higher education system, implicit priorities include economic development, efficiency, quality, relevance, and affordability. Affordability was the single issue most commonly cited by those we interviewed as a state priority, reflecting Michigan's highest-in-the-nation tuition charges. Beyond affordability, the Governor has also been concerned about productivity as reflected in two actions: his veto of the Highland Park Community College appropriation on the grounds of mismanagement and declining enrollments; and his controversial attempt to alter the general across-the-board appropriations for all four-year institutions to reward those institutions that limited tuition increases and had productivity improvements.

System Performance

Responsiveness to State Priorities

Elected leaders in Illinois are sometimes impatient with the pace of change, but most believe that higher education is doing a good job of responding to state priorities. In Texas, there is

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general satisfaction with the higher education system, although there are some concerns that it is "messy" and irrational. Policy makers in Georgia believe that higher education has been responsive to state priorities, particularly through the strategic planning process currently underway. Elected leaders in Florida believe the State University System stalls and resists legislative initiatives. While Florida's community colleges are seen as more responsive, leaders want more and better information from both segments. The New York State system does not appear to have priorities other than the implicit ones of access and quality, and the Governor's explicit calls for greater efficiency. There is general satisfaction with system performance on access and quality. The Governor's appointment of "activist" trustees to SUNY suggests dissatisfaction with efficiency. California has established no priorities for higher education beyond those that can be inferred from the Master Plan or from the Governor's budget compact. Although elected leaders believe that the system's recent responses have been satisfactory, they are concerned about the future. Policy makers in Michigan are satisfied with the performance of higher education, although they concede that the system is inefficient and there is too much program duplication. Their biggest concern is affordability as institutions continue to increase tuition.

Responding to Contextual Change

The Illinois system has responded effectively to such changes as the need for greater productivity in higher education through its Priorities, Quality, and Productivity (PQP) Project which is regarded as a national model. In Texas, program expansion, capital improvements and subsystem realignments in the predominantly Hispanic southwestern region, following an unsuccessful lawsuit that sought improved services, demonstrate efforts to respond to contextual change. In Georgia, a strategic planning process addresses contextual changes such as a growing student population and a potential tightening of state resources. The effectiveness of the process depends upon a supportive Governor, a strong chancellor and a good budget. Because key decisions in Florida are controlled by the Legislature, the overall system has adapted to changes in the economy and population while remaining attentive to concerns about access and affordability. There is presently no statewide plan for dealing with impending enrollment increases, though a number of legislative strategies, such as the credit-hour limitation and the new campus initiative—are intended to address this problem. The state system in New York is too fragmented and complex to deliver any unified response, especially in the absence of consensus about direction among elected leaders. In California as well, each of the public subsystems has its own approach to identifying and responding to contextual change. Each is internally driven, with the focus on the health or needs of its own institutions. In Michigan, responses are also determined individually by each institution; the most common responses to contextual changes have been raising tuition and starting new programs where there is a perceived need.

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Balancing System and Institutional Interests

The Illinois Board of Higher Education balances institutional and system interests as well as enforces peace between the private and public sectors. When legislators believe the board has been too heavy-handed in promoting system interests, they intervene to preserve institutional independence. For example, the Legislature altered board-adopted admission standards and limited board options in rewarding institutions for their responsiveness to the PQP Project. The break-up of the system of subsystems was also a legislative response to a perceived lack of balance between governing board and institutional interests, and was meant to shift more leverage back to the institutions. In Texas, Coordinating Board members are strong advocates of the public purposes of higher education, and serve as a countervailing force to some of higher education's parochial interests. The Legislature attempts to ensure that institutional interests are not overlooked. In Georgia, systemwide priorities are balanced with those of institutions when there is a strong leader holding the chancellor position. Under weak leadership, institutional interests tend to prevail and there is mission creep. Florida has used a strong regulatory environment to ensure the dominance of public interests. Also, Florida's elected leaders have shown little deference to professional values. In New York, the capacity to balance subsystem and institutional interests depends upon leadership. In SUNY, the only subsystem focus at the time of our study was on articulation. In contrast, a unified board and strong chancellor in CUNY imposed such subsystem priorities as collaboration, productivity, and efficiency. Professional interests for CUNY were reflected in the actions of the Faculty Senate and in lawsuits filed by faculty unions. In California, system and institutional priorities do not conflict because each subsystem is not designed to identify priorities beyond those set forth in the Master Plan. Within the subsystems, the balance attained between institutional and subsystem interests depends upon the quality of leadership in those subsystems, as is the case in New York and Georgia. The California Postsecondary Education Commission (CPEC) serves as a neutral meeting ground for issues the subsystems are willing to discuss. Since there is no statewide planning and no one to set statewide priorities in Michigan, the actions of individual institutions are assumed to reflect the public interest.

Cost, Access, Equity, Affordability, and Retention

Comparative measures of system performance were derived by Kent Halstead and are reported in Table 3. (Also see Appendix B for a description of Halstead's quantitative measures.) Florida and California have the lowest cost systems in terms of operating costs per FTE student. Both require a majority of all first-time freshmen to matriculate in low-cost community colleges. While larger states should in theory achieve economies of scale, Georgia, New York and Michigan all exceed the national average for operating costs. There are few discernible relationships between costs and performance. The highest cost state, Michigan, ties for third on access, ranks last in equity, last in affordability, and fourth on retention. While the lowest cost state, Florida, ranks last in access and retention, it is first in equity and third in affordability. The strongest relationship is between affordability and the capacity for balancing system and institutional interests: affordability seems to fare best in those states where some

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agency (coordinating boards in Illinois and Texas, a governing board in Georgia, and the Legislature in Florida) is given the task of, or takes explicit responsibility for, representing the public interest in decisions that affect institutions. A similar purpose is served in California by the 1960 Master Plan, whose emphasis on access helps to explain California's top ranking on affordability. In California, however, the affordability of four-year institutions, especially UC, has been seriously eroded by rapidly increasing tuition which has outstripped available financial aid. Although Georgia ranks poorly on the adequacy of need-based aid, this measure is somewhat misleading for this state because of Georgia's extensive HOPE scholarship program, which is based on high school and college performance rather than need.

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Table 3

Performance Measures for the Study States and the U.S. Average

	IL	*TX*	*GA*	*FL*	*NY*	*CA*	*MI*	*U.S.*
Cost Per Public Student* (1995–96)								
State Appropriations plus Tuition per FTE	$6,524	$6,540	$7,312	$5,386	$7,528	$5,876	$9,057	$7,020
State Appropriations per FTE	$5,223	$4,783	$5,577	$4,121	$5,068	$4,798	$5,163	$4,801
Access† (Fall 1994)	63.9	50.4	57.6	48.4	70.2	60.6	60.6	57.3
Equity§ (1994–95)	94	95	100	108	104	97	93	100
Affordability‡ (1994-95)								
% Family Share of Total Funding	19.9	26.9	23.7	23.5	32.7	18.4	43.0	31.6
Median Income/ Two-Year Tuition	109	167	115	97	55	358	91	100
Adequacy of Need-Based Aid	1.04	0.09	0.05	0.20	1.55	0.31	0.37	0.50
Retention** (1994–95)	131	83	124	67	103	116	110	100

* The cost per student is the total of state appropriations plus tuition divided by the FTE in the public sector. Under this heading we also report state appropriations to the public sector divided by FTE, in order to provide a measure of state support through direct funding to institutions.

† Access is the proportion of high school graduates starting college anywhere.

§ Equity (termed equitable opportunity by Halstead) is an index of the degree to which minority students graduate from high school, enter state colleges, and graduate relative to the retention of white students as a state standard.

‡ Affordability is the family share of total funding. Under this category we also show the relationship between median income and two-year college tuition, and the ratio of available need-based aid to the amount required for a needy youth to enroll at an in-state public four-year college.

** Retention is the ratio of the starting rate for high school graduates to the retention rate for first-time freshmen indexed to the national average.

Sources: K. Halstead, *State Profiles: Financing Public Higher Education 1978 to 1996: Trend Data* (Washington, D.C.: Research Associates of Washington, 1996), and K. Halstead, *Higher Education Report Card 1995* (Washington, D.C.: Research Associates of Washington, 1996).

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Choice

Illinois provides a very wide choice of higher education options through a variety of four-year institutions that have differing programs, environments, clientele and admissions standards. A comprehensive array of well funded and well regarded community colleges, a strong and well integrated private sector, and an extensive program of need-based aid supplement public baccalaureate options. Information about institutional performance is available to the public, and competition between the public and private sectors is closely monitored. Texans do not speak much about the choices their system provides. Higher than average numbers of students attend public institutions with relatively few going out-of-state or attending private institutions, despite the existence of need-based tuition equalization grants. In Georgia, the HOPE scholarships act as a mechanism for public choice that allows students to attend a wider range of institutions than would otherwise be possible. HOPE also increases the award for students choosing private institutions, but it does not cover full tuition as it does in the public sector. In Florida a very large proportion of students in higher education begin college in a public institution, and more than 80 percent are required to attend community colleges. A student aid policy that supports choice produces below average outcomes. New York provides a full range of choices through the 1960s' expansion of the public sector, a strong independent sector, and extensive student aid. In California, only the top 12.5 percent of high school graduates may attend the UC and the top one-third the CSU. Those who succeed in community colleges are guaranteed a place in some baccalaureate program. Rapidly increasing tuition at UC (and to a lesser extent at CSU), weak transfer programs in some community colleges, and faculty resistance to curriculum changes threaten to limit the range of choices, especially to poor and minority students. Michigan provides many options in the public and private sectors although high tuition may narrow the effective range of choice for many students. The state has a tuition equalization plan that helps needy students attending private institutions.

Leadership

Illinois seemed blessed with strong leadership at all levels, with the possible exception of the two governing boards that were terminated during the study. Both elected and appointed leaders were described in positive terms by virtually every respondent. Presidents seemed capable and responsive. System leadership in Texas is also strong and highly regarded, although the environment for institutional leadership varies by subsystem. A number of presidents report to institutional governing boards. Presidents in the Texas State University subsystem report directly to the governing board and do most of their own lobbying. Even in the University of Texas and Texas A & M subsystems, priorities are set at the subsystem level, but implementation is left to the campuses. Only the University of Houston subsystem has recently experienced a major shake-up involving subsystem and institutional leadership. The current chancellor in Georgia is strong; the one he replaced was generally seen as weak. Institutional presidents in Georgia are a step or two removed from the political process. They serve as the chancellor's policy advisors. While some presidents would prefer to be able to act in more entrepreneurial ways and to have more freedom, the system is specifically designed to

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balance such aspirations against the governing board's perceptions of what is best for the system. Most presidents seem satisfied with this arrangement.

Strong legislative leadership over Florida higher education results in state and subsystem leaders that have extensive political as well as educational experience. Legislative and subsystem leadership in Florida overshadow campus leadership, but this did not seem to be a source of concern for those we interviewed. In the State University of New York, recent direct confrontations between chancellors and the Governor have contributed to rapid turnover. Institutional presidents, however, are selected by local boards and the SUNY office does not interfere with the selection process very much. The CUNY chancellor has fared better in terms of longevity, perhaps because she is better buffered from direct actions by the Governor. While CUNY presidents are appointed by the subsystem governing board, there is a long tradition of substantial institutional independence, somewhat eroded under current leadership. The recent record of UC leadership has been marred by actions that have shaken public confidence. Leaders in the UC subsystem come most commonly from within and reflect the values of faculty who play a key role in their selection. The much more bureaucratic CSU has regularly attracted strong and visible leaders. The current chancellor has been able to attract strong institutional leaders by reducing bureaucratic constraints and enhancing their role in subsystem-wide decisions. During this study, there was a great deal of turnover in community college leadership, both at the state and institutional levels. Michigan has attracted strong institutional leaders as a matter of necessity. Presidents must be strong if their institutions are to flourish because they lack the system and subsystem buffers found in other states.

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The Research Questions Answered

How do state systems differ in the design of their governance structures?

The seven state systems in this research differ in the way they link institutions to one another and to state government, and the way they use the key work processes. We place the states into four categories to represent differences in the design of their state governance structures: federal systems, unified systems, confederated systems and confederated institutions. This classification is more likely than traditional classifications to explain, among other facets of governance, the extent to which colleges and universities respond to public policy objectives as these are articulated by elected officials.

Federal systems have the capability of linking institutions, however configured for governing purposes, to each other and to state government through four central work processes: information management, program planning, budgeting, and articulation. These work processes are managed by a statewide agency with enough support and delegated authority to compel institutional attention to state priorities. Federal systems can plan on a statewide basis. They can make available credible and timely information on system needs and system performance to elected officials, to institutions, and to the public. They can use program approval and program review authority to limit program duplication and to encourage quality. They can reduce some of the inherent conflicts in the budgeting process and link resource allocation to system priorities. They can design and implement articulation initiatives. If they have a large private sector, they can involve private institutions in contributing to the achievement of state priorities. In federal systems, legislatures typically see themselves as custodians of institutional interests and intervene when they disagree with the way work processes are being used by the coordinating board.

A unified system links institutions to each other and to state government through a single governing board and chief executive. The effectiveness of board management of the four work processes depends upon executive leadership. Unified systems make strong use of strategic planning. They provide less information on performance than federal systems partly to limit the capacity of external actors to insert themselves into system decisions. Despite providing less information, unified systems my communicate better with state government because of the single contact point for the Governor and legislators. When unified systems have constitutional status, this autonomy helps to guard against excessive external influence. Unified systems with strong executive leadership prevent mission creep, ensure program quality and

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avoid unnecessary program duplication through program review processes. They use the budgeting process to support strategic objectives. The inclusion of two- and four-year institutions in the same system promotes effective articulation and transfer. Governing boards for unified systems do not see the inclusion of private institutions in planning as part of their responsibility. When elected leaders have confidence in system leadership, the unified system requires little oversight from state government.

Confederated systems are harder to characterize. The use of work processes and links to state government may be different for each subsystem. More government agencies are involved directly with governing boards, and the Legislature often provides most of the coordination across subsystems. Confederated systems do not appear to have the capacity to engage in significant statewide strategic planning even though they may have a weak coordinating structure charged with that responsibility. In confederated systems, each subsystem provides its own data and elected officials often suspect that information is being provided with an "institutional spin." In states where a statewide agency has responsibility for providing information, results are suspect because they are based on data provided by the subsystems. Each subsystem makes its own decisions about which programs to offer and where, subject in some instances to review by a statewide agency. Statewide program review procedures are often more a formality than an actual barrier to program duplication. Problems of unnecessary program duplication may arise either within a subsystem or between competing subsystems. Each subsystem negotiates its own budget with the Governor and the Legislature. Often such negotiations are the primary or only way for state government to influence higher education. Where subsystems lack constitutional autonomy, legislatures may exercise direct statutory control of operations. The absence of any buffer between state government and subsystems on such work processes as budgeting contributes to antagonistic relationships with the Legislature, the Governor, or both. Where subsystems are homogeneous, the Legislature assumes responsibility for statewide coordination. In heterogeneous subsystems, governing boards tend to the relationships between two- and four-year institutions. Legislatures bear most of the responsibility for devising ways of including the private sector. Where the private sector is strong, relationships with the public subsystems may be competitive and antagonistic.

With the exception of budgeting, confederated institutions with constitutional autonomy are linked neither to each other nor to state government through any work processes other than those they voluntarily establish. Confederated institutions lack any capacity for statewide planning except through voluntary consensus on division of the spoils. They determine their own missions and decide which programs they will offer where. Voluntary program review processes may serve to allay some policy concerns, but will not prevent a determined institution from doing whatever it chooses. Confederated institutions do not provide information that permits comparisons or judgments about performance except as it may be required by the Legislature as a condition of the budgeting process. Voluntary agreements on articulation are a matter of institutional interpretation and subscription. The Legislature must determine how and when private institutions should be involved. Relationships between elected

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officials and higher education leaders are cordial as long as no one is rewarded or penalized other than through arrangements to which those affected have previously agreed.

How do historical factors influence the design and functioning of higher education governance structures?

No underlying logic seems to have guided the historical evolution of these seven state systems. Each system came to be what it currently is more as a consequence of geography, political culture, and historical accident than through any systematic or consistent effort to follow a particular set of design principles. While all seven states made some attempts during the late 1960s to improve coordination and accountability among existing institutions, the strategies and the results seem widely disparate. Illinois and Texas created coordinating boards to limit the responsibilities of elected state officers for dealing with individual funding requests and to restrict the number of instances where legislators had to resolve disputes among competing institutions. Georgia dealt with the same problem by creating a single governing board for all degree-granting institutions. Significantly, Georgia also found it desirable to grant its easily managed system constitutional status to keep it from being too easily mismanaged by elected leaders. State governments in Florida, New York and California sought greater simplicity in coordination and accountability by combining their institutions into large subsystems, each governed or coordinated by a board with responsibility for the entire state or for a specified geographic region. In Florida and California, governance structures linking two- and four-year sectors were weak or non-existent. In both of these states, legislatures have assumed responsibility for managing articulation and transfer. In New York and Georgia, the inclusion of two- and four-year institutions in the same geographically determined subsystems has limited the need for legislative intervention by producing articulation initiatives similar to those found in the coordinating board states. In Michigan, constitutionally based efforts to improve coordination and accountability have foundered on the rock of institutional autonomy.

The character and history of state governments clearly affect their choice of governance structures and the ways these structures function. Historical and contextual factors such as the relative strength of the Governor, the presence of a strong private higher education sector, constitutional status for public institutions, the existence of a well developed two-year college sector, collective bargaining, and voter initiatives are all highly important in the ways governance systems operate.

In Illinois a coordinating board interprets and implements the priorities of a constitutionally strong Governor. In Texas a similar governance structure serves more as a referee for the conflicting priorities of a part-time Legislature that sees all issues of political concern as "local." A Georgia Governor with less authority than his Illinois counterpart achieves similar outcomes by relying on direct interaction with a system chancellor and a unified governing board that he appoints. To a lesser degree, constitutionally strong Governors in New York and California pursue their priorities for public four-year institutions through direct interactions

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with subsystem chief executive officers and appointed governing boards. The Florida Legislature relies on interactions with a strong chancellor to achieve priorities for four-year institutions. California and Florida have also attempted to improve accountability among community colleges through establishing or strengthening subsystem coordinating boards. New York assigns community colleges either to SUNY or CUNY depending upon geographic location. Only in Michigan do elected leaders negotiate with higher education institutions almost as equals except for the power of the purse.

The shape of higher education in New York and Illinois has been influenced significantly by strong private sectors. Illinois designed structural arrangements that have produced less adversarial relationships between the two sectors. Florida and California also have strong private sectors, but they are overshadowed by dominant public sectors more so than in New York and Illinois. Significant efforts to take advantage of private sector capacity in both states are of relatively recent origin. In California, use of the private sector is inhibited by a constitutional prohibition against direct support to private entities. While private institutions in Georgia enroll more students overall (20 percent) than either Florida or California, there is little evidence of efforts to involve them in planning activities, perhaps because a unified governing board with responsibilities for all public higher education institutions views private institutions more as competitors than potential collaborators. In Michigan, private institutions are given degree reimbursements for degrees awarded to Michigan residents. Private higher education does not seem to be a major influence in Texas because of market share.

All seven states have developed extensive two-year college structures. Florida and California require a majority of first-time students to enter community colleges that are accessible to all geographic regions. Illinois also planned its open-access community colleges to serve all geographic regions, but leaves decisions about attendance to students who may also enter relatively open-access four-year institutions. Community colleges in Texas, New York and Michigan, developed through varying combinations of local and state initiatives, provide extensive but not comprehensive geographic coverage. CUNY has been the only subsystem in any of these three states to mandate initial matriculation for some students at community colleges. In Georgia, two-year, degree-granting institutions were developed by a governing board that also has responsibilities for public four-year institutions. Significantly, two-year institutions in Georgia developed later and were less utilized than their counterparts in the other states.

California, Georgia and Michigan have conferred constitutional status on some or all of their higher education institutions. In two of these three states, this action came in response to political intrusions. Constitutional status seems most controversial in California, where it has created different state relationships for UC, which enjoys constitutional status, than for CSU, which does not. While constitutional status is a significant influence on system design in all three states, Georgia and Michigan are at opposite ends of the spectrum in terms of the relationships between institutions and state government. In Michigan, constitutional status poses a barrier to the relationship between institutions and the state, while in Georgia, that

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barrier does not exist. Since institutions in both state have constitutional status, this suggests that the unified board in Georgia serves a mediating role between the state and institutions, and helps to remove that barrier.

The influence of faculty is strengthened by collective bargaining laws and university senates. Texas and Georgia lack enabling legislation for collective bargaining. University senates are not particularly strong in either of these states. A weak bargaining statute limits the influence of the Faculty Union for Florida's State University System (SUS). In New York State, the effects of a strong collective bargaining law are blunted for SUNY by arrangements that require negotiations directly with a representative of the Governor. Faculty play a much stronger role in CUNY, where a strong senate augments the equally strong influence of a faculty union that negotiates directly with CUNY's governing board. Faculty in the most prestigious institutions in California, Illinois and Michigan have not organized, preferring to trust their fortunes to strong faculty senates and institutional leadership chosen with significant faculty involvement. Less prestigious institutions in all three states have organized for bargaining often after a history of significant conflicts between administrations and faculty. Only California has mandated shared authority in addition to collective bargaining. The effects of combining the two complicate institutional leadership in CSU and, according to many of those we interviewed, make it an impossible task in community colleges. The level of conflict between administrative and faculty leaders in the California Community Colleges and the California State University is similar to the level of conflict at CUNY, which has comparable structures for involving faculty.

Voter initiatives such as those adopted in California and Florida limit the alternatives available to public officials and may limit their interest in reform of higher education.

How does contextual change influence the priorities states pursue through the resources they invest in higher education?

Higher education priorities and strategies for responding to contextual change seem to depend not upon the degree to which the responses of higher education may be needed, but rather upon the presence of facilitating governance arrangements. In the absence of these facilitating governance structures, elected leaders must rely upon market forces or such incremental direction as the political process may support. Institutions and subsystems are more or less left to find their own way with the unspoken hope that whatever they do will be what the state needs.

Three of the study states (Illinois, Texas and Georgia) have statewide structural arrangements for monitoring contextual change and institutional performance, and for coordinating strategies to reduce gaps between changes and performance. Florida achieves similar, if less well-planned results, through close working arrangements between an activist Legislature and a subsystem governing board with responsibilities for all four-year institutions. Florida copes

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with the effects of having community colleges operate as separate subsystems through a statewide coordinating structure for them and legislative management of the interface between two- and four-year subsystems.

In New York State, the absence of a statewide structure for monitoring and coordinating higher education, along with deep divisions in priorities among elected leaders, has led the Governor to rely on market forces for producing the changes he believes will keep higher education responsive to contextual change. However, several factors have prevented the subsystems from developing operating efficiencies: legislative intransigence in providing managerial flexibility at SUNY and CUNY, upstate support for keeping all campuses of the SUNY subsystem open, and faculty union lawsuits that are hampering CUNY.

The Governor and Legislature in California must contend with a difficult institutional environment. Three separate subsystems, each with its own exclusive franchise for clientele and services, operating in the absence of any effective statewide structure for all higher education, pose a formidable challenge to any change that does not meet with substantial support from the affected subsystems. Even more unwieldy than the California arrangements are those in Michigan, where elected leaders must negotiate responses to contextual changes on an institution-by-institution basis without information or assistance from any effective statewide agency.

In sum, all of the study states face similar fiscal pressures, but not all confront contextual change of equal magnitude. Illinois, Georgia, and Michigan face only modest changes in terms of enrollment growth. Texas, Florida, New York, and California face pressures concerning enrollment growth, significant reduction in resources, or both. Texas and Florida have articulated priorities and taken steps toward attaining them. New York has placed its faith in market forces. California, without the market influences present in New York, must rely on subsystem planning without much state input. Despite lesser contextual pressures, Illinois and Georgia also have agendas for change which they are actively pursuing. Michigan does not.

While some states set priorities and others do not, there is relatively little disagreement across the states in terms of what they want from their systems of higher education. Whether implicit or explicit, all states hope their systems will provide access, equity, quality, efficiency, and reasonable choice. They hope higher education will contribute to state goals for economic development and that institutions will remain affordable. They want institutions to demonstrate reasonable productivity and to give priority to state residents. They want undergraduate education that satisfies students and encourages them to earn degrees on a timely basis.

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How does performance differ among state systems of higher education in relation to their choice of governance structure?

Our research suggests that differences in governance structures do influence the performance of higher education systems, including system responsiveness to state priorities. Elected leaders in Illinois, Texas, Georgia, and Florida identify and communicate priorities to their higher education systems. Not surprisingly, these systems are perceived to be more responsive than those in New York and Michigan, where elected leaders rely primarily on market influences and the budget to shape institutional priorities. In Florida, the absence of balanced attention to institutional and professional values contributes to stalling and other forms of subsystem resistance to legislatively determined priorities. Both the absence of market influences and a 36-year-old Master Plan that insulates public subsystems from each other and from state government produce a system in California that is notably non-responsive to external influences.

The seven states exhibit four ways of responding to contextual change. Illinois, Texas, and Georgia all have statewide structures that engage in some form of strategic planning. The Legislature provides a perspective in Florida that helps the state react to immediate contextual change without giving focused attention to longer term concerns such as enrollment growth. As previously noted, elected leaders in New York and Michigan rely primarily upon institutional or subsystem responses to market influences. In California, however, where market forces are statutorily constrained by the monopolistic status of the three subsystems, elected officials can only hope that the aggregate responses of the three public subsystems will equal state needs.

The seven state systems achieve different results for efficiency, access, equity, affordability, and retention. Only in the case of affordability, however, does there appear to be a strong link between governance structures and performance. Families in states that have a systemwide mechanism for representing the public interest in budget decisions, or some device for addressing affordability such as the California Master Plan, pay a smaller percentage of institutional operating costs than those that lack such a mechanism. This seems to be the case even when elected leaders have made affordability a priority as in the highest cost state, Michigan. Even where an agreement existed, as in California, it applied only to the two-year segment. We conclude that affordability is an issue on which public and institutional interests come into conflict, and therefore creates a need for independent advocacy.

There is no evidence in our data that one type of system necessarily has a lower cost per student than another. In other words, institutions and subsystems with individual governing boards are not discernibly less costly than federal or unified systems.

States do provide differing levels of choice. Factors that clearly influence this variable include: the existence of a strong private sector, the capacity of the state to manage and interrelate tuition

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and student aid, the degree to which private institutions are included in systemwide planning efforts, and the extent to which a state is able to develop and preserve a viable higher education market. Illinois and New York exhibit all four and offer the widest range of student choices. Choice in Texas is limited by a dominant public sector offering low tuition. Georgia, Florida, California, and Michigan either lack the capacity to do systemwide strategic planning or do not include the private sector. Like Texas, California is relatively immune from market influences.

The states we studied attract different kinds of institutional leaders. Entrepreneurial leaders who enjoy operating in the interface between state government and institutions, and who prefer to be free of system constraints, are drawn to Illinois, Texas and Michigan. Leaders of four-year institutions in the remaining states devote more of their attention to institutional concerns and must be prepared to collaborate and compromise where institutional aspirations conflict with system or subsystem priorities. None of the leaders we interviewed in either setting expressed significant dissatisfaction with the arrangements under which they worked, perhaps because strong institutional leaders seek settings that are a reasonable match for their strengths. Satisfaction among internal actors does not appear to be a useful criterion for distinguishing among the governance structures of these seven states. None of the leaders were planning major changes in their current ways of doing business, and nothing in our data suggests that institutions with one type of leadership consistently outperform those with another. Absent some preconceived theoretical notion of what constitutes "strong institutional leadership," it is not possible on the basis of our data to suggest that some governance structures attract stronger leaders than others.

How are the strategies used by elected leaders to influence system performance affected by governance structures?

System design and governance structures determine the range of strategies available to elected officials in their relationships with higher education institutions as well as the likelihood of the officials' use of those strategies. Federal and unified systems have the capacity to identify priorities, to shape institutional responses through all four of the work processes, and to use information to communicate progress. Confederated systems and confederated institutions lack mechanisms for using several or all of these strategies, unless the mechanisms exist in the legislative arena. The elected officials' use of these mechanisms promotes confidence at the state level concerning the system's capacity to cope with contextual change in ways that are responsive to the public interest. Coordinating boards that are not simply higher education or state government—that is, part of both higher education *and* state government—do a better job of balancing the public interest against professional values and institutional concerns than do subsystem or institutional governing boards that spend much of their time competing with other subsystems or protecting the institutions they govern from the influence of state government. Perhaps the best evidence here is affordability (as explained earlier concerning performance).

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In relation to the states studied, Illinois, Texas, and Georgia have the capacity to recognize and respond in organized and efficient ways to state needs and contextual change. Florida, New York and California have the capacity only at the subsystem levels, if there. And Michigan does not seem to have this capacity at all except as professional values and a marketplace dominated by the public sector may elicit responses that are satisfactory. Nothing that elected officials do in states with confederated systems or confederated institutions alters performance in ways that promote confidence about the system's capacity to respond to significant contextual change. It is difficult to discern in these case reports the traditional elements of the institutional autonomy/state authority debate. Institutions in federal systems are, if anything, freer from regulation than most of their similarly situated counterparts in confederated systems. In both Illinois and Texas, the Legislature keeps a watchful eye on the coordinating board to be certain it does not overstep its authority. Sometimes, as in the case of performance funding in Texas, the Legislature may intervene on the side of institutions to overturn one of its own edicts. While institutions in Georgia are subject to the oversight of a systemwide governing board, they do not seem significantly less independent in their internal decision making than their counterparts in other large subsystems that are not subject to a statewide governing board.

In federal systems, the coordinating boards prefer to build consensus among institutions and subsystems rather than relying on authority, which is often weak. The use of consensus building was particularly evident in the budgeting, program review and articulation processes used in Illinois, as well as in the development of the formulas used to distribute state appropriations in Texas. Subsystems rely on coordinating boards to make difficult program decisions that might otherwise threaten cohesion. Not infrequently, as in the case of the Illinois PQP Project, coordinating board activity strengthens the hand of presidents in dealing with faculty resistance to curriculum reform. Elected leaders in federal systems identify priorities because they have the mechanisms for pursuing them. They also have credible information to judge institutional performance. The budget serves a strategic rather than negotiating purpose. Except for system changes, governors and legislators intervene directly in the management of institutions only by exception, usually when institutional interests are threatened.

State systems with a unified or small number of subsystem governing boards seem to invite management by strong governors and legislatures unless protected by constitutional autonomy. Even where systems or subsystems are protected, perceived weaknesses in leadership may invite attempts to influence institutional actions through the appointment of "reform board members," through annual budget negotiations, or both. Subsystems that lack constitutional autonomy experience heavy-handed management from strong governors and legislatures in the form of budget reductions unrelated to fiscal shortfalls, mandates for articulation and collaboration, restrictions on revenue generation and expenditures, and regulation of employee relationships. At the extreme, legislators may intervene in such normal institutional prerogatives as faculty work load and credit hours for degrees. In these governance structures, relationships between subsystem executives and state government are frequently tense. Strong leadership expands the boundaries of subsystem discretion, but cannot entirely overcome the

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regulatory inclinations of elected officials and state agencies. Strong system and subsystem leaders typically provide institutional heads with considerable latitude on internal decisions while enforcing strict discipline on relationships with state government to present a united front for lobbying. Despite direct involvement in management, elected officials generally lack the information needed to assess institutional performance, fail to communicate priorities effectively, and typically have at their disposal only weak mechanisms for planning on a systemwide basis and for encouraging collaboration across institutions and subsystems. The elected officials are frequently dissatisfied with responses of higher education to public interests and concerns.

Elected officials who manage higher education systems exhibit little deference to professional values. The degree to which they ignore such values in mandates they perceive to be in the public interest provokes resistance and foot-dragging that not infrequently defeats the intent of the legislation. The only unified system we observed—Georgia's—was protected by constitutional autonomy. At the time of our study, a well regarded board and strong executive leadership in this system seemed to be doing an effective job of responding to contextual change in ways that balanced professional values and the public interest, as judged by strong support from elected officials and the absence of their attempts to influence institutional behavior. The absence of good information on performance makes this assessment in part a matter of faith, as it obviously was for Georgia's elected officials as well.

Not much can be said about the relationship between strategies and performance in Michigan. The state uses no strategies and appears content with whatever higher education institutions choose to deliver. In the 1960s, such an arrangement was seen as an ideal for relationships between higher education and state government. As the 20th century draws to a close, however, it appears more than a little anachronistic, even to its Michigan defenders.

Michigan's combination of constitutional autonomy and individual governing boards for each institution maximizes the influence of professional values. The annual budget, the only process available to elected leaders to influence higher education, is constrained by a legislative tradition of awarding appropriations without regard to performance or enrollment changes. Michigan institutions are public for the purpose of requesting state funds, but private when it is time to account for the results. The effectiveness of institutional governing boards in balancing the public interest against professional values can be inferred from the cost structure. The Legislature protects state revenues by funding institutions at a rate that is close to the national average. Residents pick up the difference in the form of high tuition costs. Elected leaders make pronouncements about the importance of affordability, but have no mechanism for limiting institutional aspirations, competition, or program and service duplication that contribute to the high costs.

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Conclusion

The seven state systems included in this research report differ in the ways they link institutions to one another and to state government, and the ways they use the four key work processes identified by this study: information management, budgeting, program planning, and articulation. We have used a new classification to represent differences in the design of state governance structures, one that we believe helps to explain the extent to which systems respond to state priorities and balance public and professional interests.

Taken together, the answers to the five research questions in this report present one explanation for the ways in which historical factors, system design and governance structures influence higher education performance. It is an explanation that must now be tested elsewhere for its applicability to other states.

Appendix A

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Piedad Robertson, Superintendent and President, Santa Monica Community College

Guillermo Rodriguez, Executive Director, Latino Issues Forum

Appendix B

Individuals Interviewed

Aceto, Vince
Acheson, Leon
Adamany, David
Agrella, Robert
Albanese, James
Anderson, Del
Anisman, Martin
Arnold, Larry
Ashworth, Kenneth
Atherton, Jeanne
Atkinson, Richard
Austin, Daniel
Bagley, William
Ballesteros, Celia
Bardack, David
Bardos, Philip
Beardmore, Dorothy
Benjamin, Roger
Bentley-Adler, Colleen
Bernthal, Tom
Bersch, Blanche
Bertolini, Larry
Bess, Bob
Blackwell, Carl
Bledsoe, Jerry
Blevins, Vivian
Blews, Edward
Boggs, George
Brazil, John
Broad, Molly
Brophy, Roy
Brown, Donald
Brown, Jonathan
Brune, Rey
Burgener, Claire
Burke, Joseph
Calgaard, Ron
Campbell, Glenn
Campbell, William D.
Carmona, Ralph
Carroll, Constance
Carter, Herbert
Cattani, Sylvia
Chandler, Alice
Chapko, Cheryl
Christ, Carol
Clark, Shelley
Coblentz, William
Cohen, Arthur
Colby, Fred
Conner, Lindsay
Connerly, Ward
Considine, Jim
Corey, William
Cornell, Ted
Cox, Carry
Cox, Don
Creech, Joseph
Crisp, Harry
Cross, Delores
Crowson, James
Cunningham, William
Curtin, Maureen
Dallet, Pat
Dalman, Jessie
Daniel, Tom
Davies, John
DeMuzio, Vince
DiMarco, Maureen
Dodge, George
Dougherty, Stephen
Downs, Harry
Drake, Doug
Draper, Bruce
Duderstadt, James
Dvorsky, Isobel
Edelstein, Mark
Elliott, Roger
Ellis, Arthur
Engelbach, Karl
Epstein, Norman
Essig, Alan
Evans, Geraldine
Everson, Chris
Ewers, Patricia
Fallgatter, Martha
Fincher, Cameron
Fisher, Pamela
Flaherty, Roger
Flynn, Geoffrey
Foley, Neal
Folkening, James
Fouts, Donald
Fox, Warren
Friedlander, Carl
Gade, Marian
Gallego, August
Galley, Debbie
Gardner, Arnold
Geiogue, Hal
Gerth, Don
Gilmer, Donald

Golden. Cecil
Goldstein. Matthew
Goldwhite. Harold
Gove. Sam
Gray. James
Greiner. William
Groton. Jerry
Haack. Harold
Haidinger. Tim
Hallisey. Jeremiah
Hardy. Elizabeth
Hart. Gary
Hauck. William
Hay. Jess
Hayden. Tom
Hayward. Gerald
Heilbron. Louis
Herbert. Adam
Hershenson. Jay
Higginbothum. Richard
Higgs. Jim
Hill. Elizabeth
Hill. Jack
Hines. Edward
Hittelman. Marty
Hobby. William
Hodel. Ross
Hoff. Peter
Hotz. Bob
Hudson. Cathy
Hyatt. James
Ikenberry. Stan
Jackson. Edison
Jeffries. Ellen
Jenifer. Franklyn
Jensen. Jim
Jensen. Robert
Johnstone. Bruce
Jones. Terry
del Junco. Tirso
Justiz. Manuel
Kachigian. Meredith
Kanter. Martha
Keene. Mansel
Kehetian. Mitch
Kehoe. E. Jan
Keitel. Peter
Kelley. James
Kelly. Kathleen
Kelly. William
Kerker. Michael
Kerr. Clark
Kerschner. Lee
Killea. Lucy
King. C. Judson
Kipp. Samuel
Kirkpatrick. George
Knapp. Charles
Knoell. Dorothy
Koltai. Leslie
Koltai. Leslie
Kong. Ron
Kully. Robert
Lahti. Robert
Lampard. Carol
Lasher. William
Layzell. Tom
Leach. Howard
Lee. David
Leiman. Arnold
Levin. Sanford
Lindahl. Chuck
Livingston. Tom
Locke. Mary Lou
Lombardi. Robert
Lubbers. Don
MacDougall. Peter
Maitland. John
Marks. Joseph
Martin. Dave
Mathews. Ric
Mauerer. Robert
Maxwell. Clark
McBee. Louise
McCabe. Les
McCallum. Patrick
McCrone. Alistair
McCune. Ellis
McDonald. Carol
McDonald. Tommy
McDonough. Pat
McGill. William
McGovern. Margaret
McIntyre. Charles
McKey. Nancy
McPherson. Peter
Merriam. Ted
Mertes. David
Mitchell. Grace
Mittlestet. Steven
Montoya. Velma
More. Vishwas
Morian. Beth
Moses. Yolanda
Moye. Anthony
Moyle. John
Munitz. Barry
Murphy. Brian
Murphy. James
Nevarez. Michael
Newmyer. Joe
Newsome. Glenn
Nicholson. Pat
Nolan. Donald
Novak. Charles
Nussbaum. Thomas
O'Farrell. Michael
Ogden. Steve
Opperman. John
Opresko. Alan
Ortiz. Alba
Otomo-Corgel. Joan
Patton. Lee
Peltason. Jack
Perry. Janis
Pesqueira. Ralph
Peterson. John
Peterson. Mary
Petrossian. Alice

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Phelps. Donald
Phelps. Donald
Pickens. William
Plotkin. Scott
Pokorski. Doug
Portch. Steven
Power. Philip
Quern. Arthur
Ravinius. Robert
Reed. Charlie
Reilley. Kevin
Revitte. John
Reynolds. Ann
Reynolds. Mary
Robertson. Piedad
Rodriguez. Guillermo
Romero. Martha
Rosine. Greg
Ross. James
Rosser. Jim
Roth. William
Rothbard. Richard
Rugg. Edward
Ruhyle. James
Saenger. Ted
Saltman. Paul
Scheurman. William
Schulze. Evonne
Scott. Jack
Segura. William
Shaw. Kenneth
Shaw. Robert
Sheehan. Maria
Sheffer. John
Sherriffs. Alex
Simmons. Dan
Slager. Bernie
Slaughter. John
Smart. Jack
Smelser. Neil
Spence. David
Steiner. Stuart
Stevens. Glenn
Stevens. Tom
Stille. Leon
Stoltz. Robert
Stranton. Donald
Strum Kenny. Shirley
Stryker. Laurey
Stukel. Jim
Sullenger. Barbara
Sullivan. Edward
Sullivan. Terry
Suzuki. Bob
Swarz. John
Sykes. Abel
Temple. Larry
Thompson. Barry
Thompson. Marcia
Toy. Larry
Trow. Martin
Tseng. Rose
Van de Wetering. John
Van Groningen. Tom
Vanderhoef. Larry
VanHook. Dianne
Vasconcellos. John
Viar. David
Vogel. Mitch
Wade. Harry
Wagner. Richard
Wagstaff. Lonnie
Walhaus. Robert
Walters. Judy
Wasserman. Lynn
Webber. Stephen
Weiner. Steve
Weinman. Janice
Weinric. William
West. Richard
Wetherell. T. K.
Whiteneck. William
Wilcoxsen. Mark
Williams. Harold
Wilson. Blenda
Wilson. Robin
Wolf. David
Wolf. Paula
Wood. David
Woodruff. Edward
Wright. Richard
Wu. Julia
Wurth. Julie
Yates. James
Yeager. Kenneth
York. Herbert
Young. Chuck
Young. Jerry
Young. Jim
Yudof. Mark
Zucker. Brian

Appendix C

Quantitative Measures

There are a limited number of quantitative indicators available to compare outcomes across states. One of the most respected experts concerning national indicators is Kent Halstead of Research Associates of Washington. The California Higher Education Policy Center commissioned Halstead to develop a series of measures for this analysis of seven states, and these measures are used throughout this research paper. Brief definitions of the various indicators are provided below.

While the Halstead indicators provide valuable comparative information on performance, they have limitations. First, most of the data include public institutions only; the exclusion of independent institutions in these measures distorts the performance of states like New York and Illinois, which have a substantial number of students in the private sector and provide significant financial support for students attending independent colleges and universities. Second, in providing data for each state as a whole, Halstead combines support for and performance of all types of institutions; this confuses the picture somewhat in states like California that have very large, inexpensive community college systems and large, expensive university systems.

Despite these limitations, the Halstead measures are among the best and most current national comparative data available. These data have been supplemented in the case studies with individual state data on enrollment, tuition, state appropriations, graduation rates, and other relevant indicators. Because state data are not comparable across states, we have used it only in the individual case studies and not in the cross-case comparisons.

Following are definitions of Halstead's measures used in this analysis:

> *State Appropriations plus Tuition per FTE* is a measure of the total of state appropriations plus tuition divided by the full-time-equivalent (FTE) enrollment in the public sector.
>
> *Percent of High School Graduates Starting College Anywhere* measures the percentage of high school graduates that go on to college, be it public, independent, or out-of-state.

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Equitable Opportunity is an index of the degree to which minority students graduate from high school, enter state colleges, and graduate relative to the retention of white students as a state standard.

Relationship of Two-Year Tuition to Median Income is the ratio of median household income to state average tuition at public two-year colleges, indexed to the national average.

Adequacy of Need-Based Aid measures the ratio of available aid to the amount required by potential enrollment of needy resident youth at in-state public (four-year) institutions.

Balance of Retention to Starting Rates is the ratio of the starting rate (ratio of all public first-time freshmen to recent resident high school graduates) to the retention rate (ratio of FTE public enrollment to all first-time freshmen), indexed to the national average.

Equitable Intra-System Allocation measures the average absolute departure of member institutions from the mean system funding level (adjusted for national norms by institutional type).

Family Share of Total Funding is a measure of tuition as a percentage of total funding (appropriations plus tuition).

Notes

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[5] J. Folger and D. P. Jones, *Using Fiscal Policy to Achieve State Education Goals: State Policy and College Learning* (Denver: Education Commission of the States, 1993).

[6] W. Zumeta, "State Policies and Private Higher Education: Policies, Correlates, and Linkages," in *Journal of Higher Education* 63, no. 4 (July/August 1992), pp. 364–417.

[7] A. C. McGuinness, R. M. Epper and S. Arredondo, *State Postsecondary Education Structures Handbook* (Denver: Education Commission of the States, 1994). We have chosen to characterize Georgia (which includes both two- and four-year institutions under a single statewide governing board) differently than the authors. We also placed Florida in the first of two categories under which it is listed in the reference work.

[8] B. Clark, "The Many Pathways of Academic Coordination," in *Higher Education* 8, no. 3 (1979).

[9] Schick et. al., *Shared Visions*, p. 23.

[10] Ibid., pp. 7–8.

[11] M. Hammer and J. Champy, *Reengineering the Corporation* (New York: Harper Business, 1993), p. 35.

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[14] Kent Halstead defines equitable intra-system allocation as the "average absolute departure of member institutions from national control-type full instruction expenditures per FTE student norms adjusted to the mean deviation for all institutions in the state public higher education

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7 "Factors Affecting Undergraduate Student Persistence and Time to Degree in Illinois Public Universities."

8 "The Illinois Articulation Initiative: Articulation in Baccalaureate Majors."

9 Legislative Report.

10 "New Operating or Degree Granting Authority for Independent Institutions."

11 "Appropriation Transfers for Fiscal Year 1995."

12 "University Non-Institutional Capital Improvements."

13A Approval of Revised Budget for Community College Construction Projects.

13B Approval of Community College Protection, Health, and Safety.

13C Approval of Community College Capital Renewal and Locally Funded Projects.

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5A "Statewide Analyses." Public University Program Review.

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6 "Legislative Report: Governor's Action."

7 "Workforce Preparation Policies: Implementation Update."

8 "Fiscal Year 1995 Faculty and Civil Service Salaries."

9 "Fall 1993 Employment in Illinois Higher Education."

10 "Minority Student and Achievement in Graduate and First Professional Degree Programs."

11 "New Units of Instruction for Public Community Colleges."

12 "Appropriation Transfers for Fiscal Year 1995."

13A Approval of Revised Budget and Scope for Community College Construction Projects.

13B Approval of Community College Protection, Health and Safety Project.

13C Approval of Community College Capital Renewal and Locally Funded Projects.

14 "University Non-Instructional Capital Improvement."

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13B Approval of Community College Protection, Health, and Safety.

14A "Revised Scope and Cost Estimate for University Non-Instructional Capital Expenditures."

14B "University Non-Instructional Capital Expenditures."

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4B "Public University 1994–95 Academic Program Review."

4C "Faculty Roles and Responsibilities."

5 "The Illinois Articulation Initiative: Articulation in Baccalaureate Majors."

6 "New Units of Instruction for Public Community Colleges."

7 "New Operating and/or Degree-Granting Authority for Independent Institutions."

8 "FY 1997 Higher Education Budget Requests."

9 "Review and Discussion of Policies Relating to Student Fees."

10 "University Non-Instructional Capital Improvements."

11 "FY 1996 Appropriation Requiring BHE Action."

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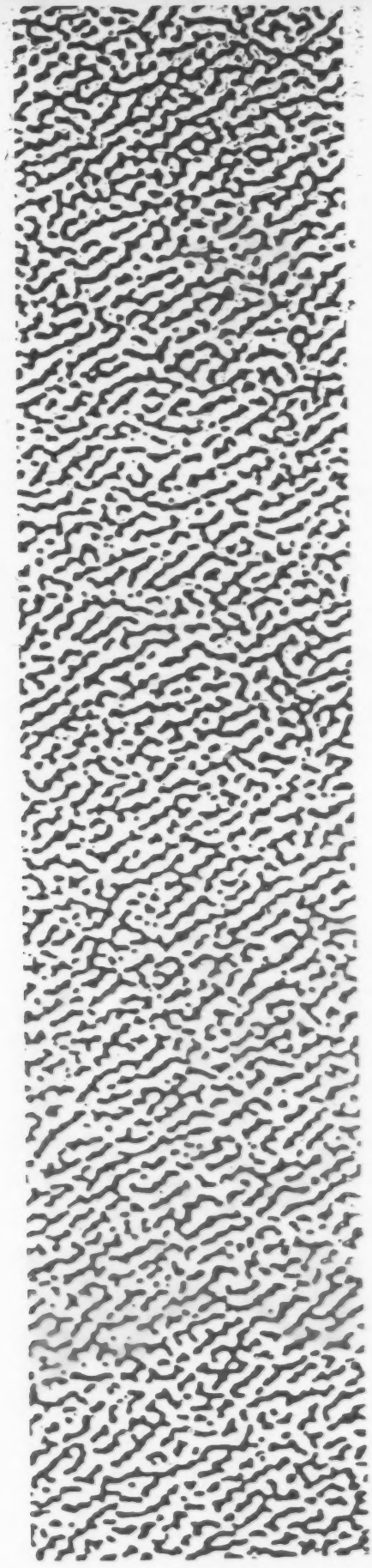

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